POLLUX
PROPERTIES

A MARK OF DISTINCTION

ANNUAL REPORT 2018

CONTENTS

Our Commitment –

TOGETHER WE BUILD EXCELLENCE

The pursuit of excellence and perfection are embedded into everything we do.

We build the future through confidence and trust.

We build lasting impressions, long-term value and peace of mind.

We build excellence and perfection through our people.

VISION To be a premier multi-national corporation creating iconic luxury property development in the region.

MISSION To create innovative landmark developments of perennial value to the community and achieving sustainable higher returns to our shareholders.

CORPORATE PROFILE AND PHILOSOPHY

CORPORATE PROFILE

Pollux Properties Ltd. ("Pollux", together with its subsidiaries, the "Group") is a property developer in Singapore with an exclusive focus on the development of residential and commercial properties.

The Group actively engages in the business of developing premium real estate projects, with the key aim of creating homes reflecting the philosophy of lavish and modern living.

Pollux develops high-end real estate projects with distinguished style and luxurious quality. We are committed to develop iconic residential as well as commercial properties. Pollux looks forward to embarking on many more projects that will give the Group a greater presence in the property market both as a developer and investor.

CORPORATE PHILOSOPHY

Excellence in crafting great homes and plush communities starts by working with leading interior designers and suppliers of the best home fittings.

Relationships built on integrity and trust are important to us because we believe in building homes, not just apartments.

Refined luxury to us means tasteful finishings and intricate pairings. Simply put, we are making it a point to fuss over every detail even when you are not.

Passion for details sets Pollux apart. We are constantly in the search of the best materials befitting your dream home. We want to make moving in a pleasure and living as leisurely as possible. That's why we call it home, it's the way living is meant to be.

Sustainability should be at the start of every venture and not its end. Pollux works with a clear end in mind. That means sharing our vision of great dwelling places and plush communities with our customers, a robust business for our investors and a responsibility to share our success with the community.

CORPORATE STRUCTURE

POLLUX PROPERTIES

- 100% **Luban Investments Pte. Ltd.** — 2 Retail Shops at Balestier Road
- 100% **Kovan Properties Pte. Ltd.**
  - 100% Boulevard Residences Pte. Ltd. — Garden Park Residences
  - 100% Bvlgari Park Residences Pte. Ltd. — Berkeley Residences
  - 100% Channel Residences Pte. Ltd. — Metro Loft
  - 100% Giorgio Residences Pte. Ltd. — Mayfair Residences
  - 100% Kovan Central Pte. Ltd. — Park Residences Kovan
  - 100% Peninsula Park Residences Pte. Ltd. — Louis Kienne Serviced Residences
- 100% **Pollux Alpha Investments Ltd**
  - 100% Tinifia Investment Pte. Ltd. — MacDonald House
  - 100% Richmond View Investment Pte. Ltd. — St. Regis Residences (1 Unit)
  - 100% Orchard Residence Investment Pte. Ltd. — The Orchard Residences (1 Unit)
  - 100% Savers Investment Ltd — The Suites @ Central (6 Units)
  - 100% Symbianta Worldwide Inc. — The Suites @ Central (3 Units)
  - 100% Cherimoya Worldwide Corporation — The Suites @ Central (3 Units)
- 50.01% **Stirling Fort Capital Pte. Ltd.**
- 50% **Pollux Botero Pte. Ltd.**[1]
  - 100% Pollux Treasures Pte. Ltd. — Pavilion Square

[1] Pollux Botero Pte. Ltd. is a 50:50 joint venture with Goldman Morgan Holdings Pte. Ltd.

CHAIRMAN'S STATEMENT

In FY2018, we achieved a net profit of S$51.78 million, which was mainly derived from the difference in purchase consideration and fair valuation for the portfolio of properties we acquired from PAI on 16 November 2017.

Dear Shareholders,

It is my pleasure to present our Annual Report for the financial year ended 31 March 2018 ("FY2018").

FY2018 ushered in a positive reversal to the property sector in Singapore. The latest statistics released by the Urban Redevelopment Authority ("URA") for the first quarter of 2018 pointed to both price and rental growth in all three segments – private residential, commercial spaces and retail spaces – of the property sector.

Recognising this potential, we acted fast to complete the acquisition of Pollux Alpha Investments Ltd ("PAI", together with its subsidiaries "PAI Group") in FY2018. PAI adds 15 premium commercial and residential properties to the Group's asset portfolio, which will strengthen and improve the stability of our recurring income.

TIMELY ACQUISITION OF POLLUX ALPHA INVESTMENTS

On 16 November 2017, Pollux Properties Ltd. ("Pollux Properties", and together with its subsidiaries, the "Group") completed the acquisition of PAI for a consideration of S$200.94 million from Pollux Holdings Pte. Ltd. ("Vendor") which was satisfied by the issue of new ordinary shares in the capital of Pollux Properties to the Vendor, and setting off an amount due from the Vendor to PAI.

Principally engaged in the business of property investment holdings, PAI holds a portfolio of one commercial property and 14 residential properties located in the heart of Singapore's shopping district in Orchard Road. Majority of these properties have a freehold or 999-year tenure.

The commercial property is the iconic 10-storey MacDonald House along Orchard Road. Well-connected to public transportation and expressways, the freehold property is fully rented out.

Our new condominium portfolio includes 12 freehold residential units at The Suites @ Central, a 999-year leasehold residential unit at St. Regis Residences and a 99-year leasehold residential unit at Orchard Residences. As at May 2018, all of these units are fully tenanted out to mainly corporate leases.

CHAIRMAN'S STATEMENT

With the inclusion of this new complementary portfolio of high-quality properties, the Group will be able to capitalise on a potential valuation growth on the back of an improving local property market as well as improve our operational position by providing stable recurring revenue.

Furthermore, by increasing the Group's market capitalisation and enhancing its investment profile, Pollux Properties will be able to generate increased investor interest as well as create greater brand awareness for the Group's portfolio of developments, serviced residences and rental properties.

FY2018 KEY FINANCIAL HIGHLIGHTS

In FY2018, the Group posted a 48.8% decline in revenue to S$15.30 million from S$29.88 million in the financial year ended 31 March 2017 ("FY2017"). This was largely attributable to obtaining Temporary Occupancy Permit ("TOP") by a majority of our development properties in the prior financial year.

This was offset by a 1.4% growth in income from our Louis Kienne Serviced Apartments to S$5.27 million during the financial year as well as receiving revenue contribution of close to S$3.22 million from our newly-acquired portfolio of commercial and residential properties from PAI for the period of 16 November 2017 to 31 March 2018.

In FY2018, we achieved a net profit of S$51.78 million, which was mainly derived from the difference in purchase consideration and fair valuation for the portfolio of properties we acquired from PAI on 16 November 2017.

This also had a positive effect on our Earnings Per Share, which came in at 3.66 Singapore cents in FY2018 compared to 0.41 Singapore cents in FY2017.

We maintained a healthy balance sheet in FY2018. As at 31 March 2018, our cash and cash equivalents stood at a robust S$19.17 million compared to S$3.19 million as at 31 March 2017. This was primarily due to receipt from buyers of our development properties and additional cash received from the acquisition of PAI during the financial year.

As a result, our gearing improved to 48% in FY2018 compared to 53% in FY2017. As at 31 March 2018, the Group had net assets amounting to S$190.43 million, as well as net asset value per share of 6.90 Singapore cents. This is compared to net assets of S$53.36 million and a net asset value of 8.51 Singapore cents as at 31 March 2017.

BUILDING A STABLE RECURRING INCOME BASE

We have fully sold and obtained TOP for all of our freehold residential projects in Singapore. Our remaining freehold mixed development project, Pavilion Square, a 50:50 joint venture is also fully sold.

Despite encountering a minor setback in the completion date for Pavilion Square, we are working doubly hard to complete the project as quickly as we can while continuing to maintaining the same high standards expected of our developments.

Underscoring our strategy to build the Group's recurring income base, we moved to acquire PAI and its portfolio of 15 premium commercial and residential properties. This will complement our existing portfolio of two retail properties along Balestier Road as well as our Louis Kienne Serviced Residences.

In addition, we are positive about the growth prospects of our fund management associate, Stirling Fort Capital Pte. Ltd., which is also in the business of collecting stable and recurring fees each year. Already, it has secured the management of fresh fund management contracts, which is expected to boost its assets under management ("AUM") and management fees in financial year ending 31 March 2019 ("FY2019").

We will continue to fortify our fee-based income business in FY2019. We firmly believe this will help provide greater income visibility and stability for Pollux Properties. We expect opportunities in the hospitality industry and more fund management activities to underpin this potential growth area. We are also actively looking to enlarge our existing portfolio of assets as well as diversifying into overseas markets.

OUTLOOK

In the first quarter of 2018, statistics from the URA revealed that private residential property prices rose 3.9%. This was the third consecutive quarter of price hikes since posting 15 consecutive quarters of declines dating back to 2013.

URA statistics also pointed to a rosier rental outlook for private residential properties, with vacancies declining to 7.4% compared to 7.8% in the preceding quarter and rental rates increasing 0.3% compared to posting a decline of 0.9% in the preceding quarter.

CHAIRMAN'S STATEMENT

Moreover, en bloc sales continued at an unrelenting pace with 17 successful transactions valued at S$5.83 billion in the first three months of 2018. This amounted to over 70% of the total collective sale deals for the whole of 2017. Coupled with developers continuing to bid aggressively for the latest Government Land Sales (GLS) in the first quarter, there is a bullish outlook for private residential properties in 2018.

Despite this, we believe we should continue exercising caution as many property cooling measures, first implemented by the Singapore government in 2011, still remain in place. Secondly, we have to find feasible development opportunities that will deliver value to shareholders rather than just compete aggressively for land banks. Lastly, at the tail-end of 2017, the Monetary Authority of Singapore ("MAS") and Minister for National Development, Mr. Lawrence Wong have continued to warn homebuyers about the risks of "excessive exuberance" in the property market.

In addition, in URA's first quarter announcement, it was noted that there was a total of over 40,000 uncompleted private residential units in the pipeline, with over 24,000 units remaining unsold as of 27 April 2018.

On the office space front, prices rebounded by 1.3% in the first quarter of 2018. Similarly, office rents climbed 2.6%, the same rate as the previous quarter. This came on the back of a drop in island-wide office vacancy rates to 12.5% in the first quarter of 2018 from 12.6% in the preceding quarter.

According to the Singapore Tourism Board ("STB"), both tourism receipt and visitor arrivals for 2017 registered record highs for two consecutive years. This has translated to a 1.5% increase in the standard average occupancy rates for hotels in the first quarter of 2018 to 86.2%.

This bodes well for Louis Kienne Serviced Residences which recorded occupancy rates of 79% and continue to receive a healthy number of enquiries. One risk area for our serviced residences business is the announcement by URA, dated 30 June 2017, to reduce the minimum rental period of private homes from six months to three months. We will monitor this situation closely in the coming year.

Despite growing tailwinds in the property sector, we will retain prudent stance when sourcing for viable opportunities to replenish our land banks with accretive land and continue expanding our portfolio of investment properties.

Barring any unforeseen circumstances, the Group believes that the operation of Louis Kienne Serviced Residences, growth of our associate fund management company, Stirling Fort Capital Pte. Ltd., as well as PAI will widen in 2018.

APPRECIATION

FY2018 was an eventful year for the Group as we strengthened our recurring income base through the acquisition of PAI. At the same time, we continued to deliver quality properties at our developments despite the setbacks we faced. This would not have been possible without the dedication and teamwork of our management team and employees.

At this juncture, I would also like to thank my fellow board members for their invaluable counsel and contributions. It was also with a heavy heart that we announced the resignation of Mr. Tan Kay Kiang as our Non-Executive Director after close to two decades with the Group. Upon Mr. Tan's resignation, Mr. Tan Nan Choon ceased to be the Alternate Director. We thank them for their outstanding contributions throughout the years and wish them the best in their future endeavours.

To end, I would also like to express our deepest appreciation to our business partners and shareholders. With your support, we look forward to taking on new challenges and embracing diverse opportunities for the Group in FY2019.

TIMUR PRADOPO
Non-Executive Chairman*
25 June 2018

** Mr. Timur Pradopo will relinquish his appointment as Non-Executive Chairman on 1 July 2018.*

BOARD OF DIRECTORS

MR. TIMUR PRADOPO
Non-Executive Chairman and Independent Director

Mr. Pradopo, 62, was appointed as an Independent Director of the Company on 18 March 2014. He was the former Head of Indonesian Police from 2010 to 2013. He has 35 years of experience in the Indonesian Police Department and held several high-ranking positions in the Indonesian Police Department such as the Head of Central Jakarta Police Department (in 2010) as well as the Head of West Java Police Department (from 2008 to 2010).

Mr. Pradopo graduated from the Indonesian Police Academy in 1978 and the Indonesian Police Higher Administration Staff School in 2001. He was last re-elected as a Director of the Company on 22 July 2016. He does not hold any directorship in other listed companies whether in or outside Singapore.

Mr. Timur Pradopo will relinquish his appointment as Non-Executive Chairman on 1 July 2018. He will remain as Independent Director of the Company, and member of the Audit Committee and the Remuneration and Nominating Committee.

DR. NICO PURNOMO PO
Executive Director and Chief Executive Officer

Dr. Po, 36, is an Executive Director and Chief Executive Officer of the Company. He is responsible for the management and operation of the Group as well as the implementation of the Group's strategies and policies.

Dr. Po holds a Bachelor degree in Computing from National University of Singapore in 2003. The honorary doctorate in business administration was bestowed on him by InterAmerican University in 2011. He does not hold any directorship in other listed companies whether in or outside Singapore.

MR. PO SUN KOK
Incoming Non-Executive Chairman

Mr. Po Sun Kok, 69, will be appointed as Non-Executive Chairman of the Company on 1 July 2018. He will be responsible for leading and managing the business of the Board, steering direction of the Group and governing of Board's matters. He has over 30 years of work experience in areas of real estate investment, apparel manufacturing and consumer financial services.

Mr. Po owns and is involved in the daily operations of a wide ranging group of corporations with more than 10,000 employees.

MDM. LUCIANA
Incoming Non-Executive Deputy Chairman

Mdm. Luciana, 63, will be appointed as Non-Executive Deputy Chairman of the Company on 1 July 2018. She will support Mr. Po in leading and managing the business of the Board, steering direction of the Group and governing of Board's matters. She has more than 30 years of experience in business management, operational accounting and various corporate functions across the Asia-Pacific region.

Mdm. Luciana is the overall in-charge of the finance and accounting departments of a wide ranging group of corporations involved in business activities such as real estate investment, apparel manufacturing and consumer financial services.

BOARD OF DIRECTORS

MR. LOW CHAI CHONG
Lead Independent Director

Mr. Low, 55, was appointed as an Independent Director of the Company on 1 September 2010. Mr. Low is also the Lead Independent Director of the Company. He is an Advocate & Solicitor of the Supreme Court of Singapore. He joined Dentons Rodyk & Davidson LLP in 1986, and has been with the same firm throughout his entire career. He has many years of legal experience, representing MNCs, financial institutions and listed companies in a wide array of commercial and corporate matters regionally, including dispute resolution.

Mr. Low graduated from National University of Singapore with a Bachelor of Laws (Honours) degree. He is also the Non- Executive Chairman and Lead Independent Director of Moya Holdings Asia Limited, a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

He was last re-elected as a Director of the Company on 27 July 2017.

MR. JAMES KHO CHUNG WAH, CFA
Independent Director

Mr. Kho, 42, was appointed as an Independent Director of the Company on 29 May 2014. Mr Kho is the Chief Executive Officer of Willan Capital Pte. Ltd. He has over 18 years of experience in investments, investment banking and regulatory experience. He previously held senior positions with asset management company, multinational investment banks and major local securities houses. He is currently an Independent Director of other companies listed in Singapore and previously served as Executive Director of Pacific Star (Greater China) Pte Ltd. Mr Kho started his career in equity markets with the Issuer Regulation Department of the SGX-ST in 2000, where he was involved in the review of listing applications and ensuring continuing compliance of listed companies. Mr Kho graduated from Nanyang Technological University of Singapore with a Bachelor of Business (Second Upper Honours), majoring in financial analysis with a minor in applied economics. He is a Chartered Financial Analyst.

He was last re-elected as a Director of the Company on 23 July 2015.

MR. BAMBANG WIDARYATMO
Independent Director

Mr. Widaryatmo, 64, was appointed as an Independent Director of the Company on 18 March 2014. He is the former Chief of the Police Forces of East Kalimantan from 2011 to 2012. He was the Investigation Director of Indonesia Anti-Corruption Committee from 2008 to 2009.

Mr. Widaryatmo graduated from the Indonesian Police Academy in 1978. He was last re-elected as a Director of the Company on 22 July 2016. He does not hold any directorship in other listed companies whether in or outside Singapore.

KEY MANAGEMENT

MR. CHAN TEE YONG
Financial Controller

Mr. Chan, 33, is the Financial Controller of the Company. He joined the Company in August 2014. He is responsible for overseeing the finance and accounting functions of the Company and the Group. Prior to joining the Company, he was an Assistant Financial Controller of a company listed on the SGX-ST. Prior to that, he was an auditor in Ernst & Young LLP and Deloitte & Touche (Malaysia).

Mr. Chan holds a Bachelor of Business majoring in Accounting and Finance from the University of Technology, Sydney. He is a Certified Public Accountant in Australia and also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

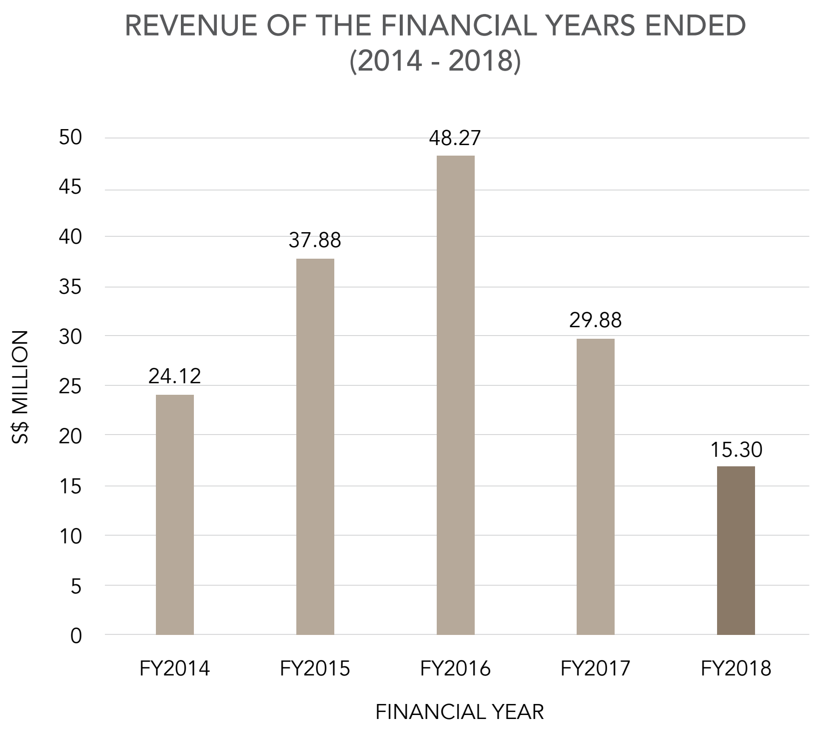
FINANCIAL HIGHLIGHTS

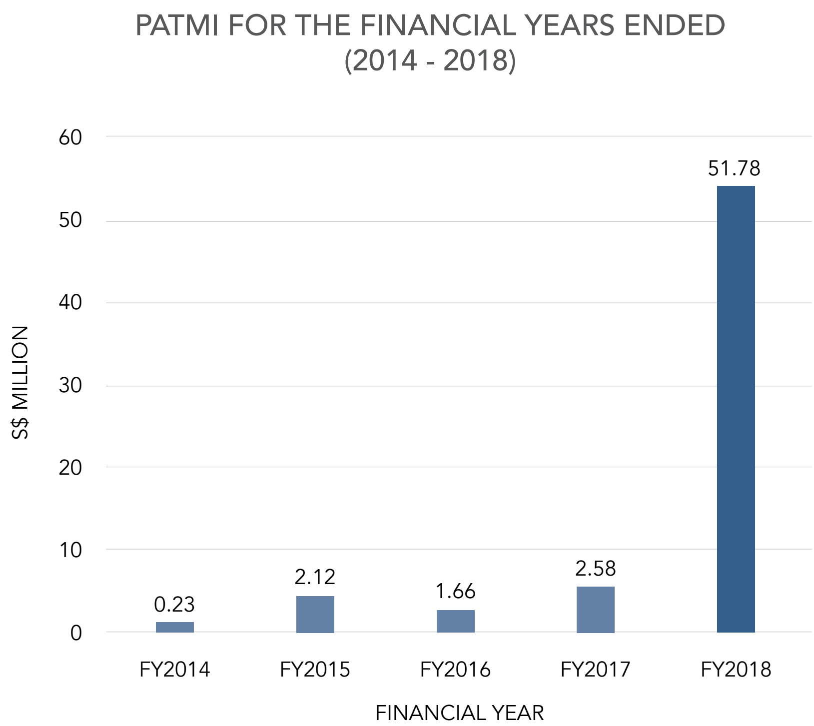
REVENUE AT
S$15.30
MILLION
IN FY2018

EARNINGS PER SHARE AT
3.66
CENTS
IN FY2018

PROFIT BEFORE TAX AT
S$51.46
MILLION
IN FY2018

RETURN ON EQUITY AT
27.19%
IN FY2018





Note : The above financial information is extracted from the Financial Statements of the respective financial years.

FINANCIAL HIGHLIGHTS

REVENUE

The Group's revenue in FY2018 comprises of revenue from sale of development properties, income from serviced apartment and rental income. Rental income consists of income from investment properties.

The decrease in revenue was mainly due to the completion of some development projects in prior year.

In FY2018, our serviced apartment, Louis Kienne Serviced Residences, contributed S$5.27 million in revenue. Rental income from the residential segment was generated from our newly acquired 14 residential units from acquisition of PAI Group, while rental from the commercial units was generated from our 2 retail investment properties located along Balestier Road and a newly acquired commercial office building, MacDonald House through the acquisition of PAI Group.

COST OF SALES AND GROSS PROFIT

Cost of sales of S$11.48 million in FY2018 included S$9.21 million for the construction of residential project, namely Mayfair Residences. The remaining S$2.27 million was the cost incurred to operate the serviced apartment.

The improvement in gross profit margin was mainly due to higher margin contribution from the property investment segment.

INTEREST INCOME

Interest income in FY2018 mainly consists of interest to be received from short term advances to a related company. The decrease in interest income in FY2018 as compared to FY2017 was mainly due to shorter period of loan advances to a related company.

OTHER INCOME

Other income increase was mainly due to a significant gain from the bargain purchase of PAI Group during the financial year.

GENERAL AND ADMINISTGRATIVE EXPENSES

The increase in general and administrative expenses in FY2018 was mainly due to an allowance for doubtful debts being provided in FY2018 in relation to the advance payment to the main contractor.

There was also an increase in depreciation expenses for newly acquired investment properties via the acquisition of PAI and higher legal and professional fees incurred in relation to the acquisition of PAI Group.

FINANCE COST

The increase in finance costs in FY2018 was mainly due to the contribution of the interest expense from the newly acquired PAI Group.

SHARE OF RESULTS OF A JOINT VENTURE

The decrease in share of results of a joint venture was mainly due to the lower recognition of revenue based on the percentage of completion for Pavilion Square project as well as additional cost due to the delay in completing the project.

SHARE OF RESULTS OF ASSOCIATE

The increase was mainly due to the recognition of performance revenue for the real estate fund managed by the associate company.

INCOME TAX CREDIT

The increase in income tax credit was mainly due to the reversal of deferred tax liabilities which was no longer required as of FY2018.

OPERATION REVIEW

BALANCE SHEETS

The financial position of the Group remained strong with net assets of S$190.43 million as at 31 March 2018. The Group's cash and cash equivalents stood at S$19.17 million as at 31 March 2018 as compared to S$3.19 million as at 31 March 2017. The increase in cash and cash equivalents was mainly due to receipt from buyers of units of the development projects and additional cash received from the acquisition of PAI Group during the financial year.

ASSETS

Total assets stood at S$387.32 million as at 31 March 2018 as compared to S$118.36 million as at 31 March 2017.

The increase of S$268.96 million was mainly due to the increase in (i) investment properties, (ii) plant and equipment and (iii) cash and cash equivalents which mainly resulted from the acquisition of PAI Group. In addition, the increase in amount due from related companies was mainly due to the non-interest bearing short term advances extended to related companies for the payment of construction cost made for completing the development project and investment in securities for a property development project also contributed to the overall increase in the total assets.

However, the increase was partially offset by (i) the decrease in properties under development due to the completion of projects under construction, (ii) the decrease in investment in a joint venture arising from the share of loss during the financial year and (iii) the decrease in trade receivables due to the collection of the amount from buyers of units of the development projects.

LIABILITIES

Total liabilities stood at S$196.89 million as at 31 March 2018 as compared to S$65.00 million as at 31 March 2017.

The increase of S$131.89 million was mainly due to the increase in (i) other payables and accruals and (ii) additional loans and borrowings from the acquisition of PAI Group.

OPERATION REVIEW

REVENUE AT **S$15.30** MILLION	EBITDA[1] **S$57.27** MILLION	PATMI[2] **S$51.78** MILLION
EARNINGS PER SHARE[3] **3.66** CENTS	NAV PER SHARE **6.90** CENTS	RETURN ON EQUITY **27.19%**

TOTAL EQUITY **S$190.43** MILLION	CASH & CASH EQUIVALENTS **S$19.17** MILLION	NET DEBT **S$176.51** MILLION
GEARING RATIO **48.10%**	LOANS & BORROWINGS **S$172.71** MILLION	INTEREST COVERAGE RATIO[4] **29.06** TIMES

Note 1: Earnings before interest, taxes, depreciation and amortisation.

Note 2: Profit after tax and minority interests.

Note 3: Earnings per share is calculated by dividing the consolidated profit after tax attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

Note 4: The interest coverage ratio did not include the interest expense capitalized under development properties.

OPERATION REVIEW

Average 79% occupancy rate at Louis Kienne Serviced Residences, Havelock Road in FY2018.

Completion of acquisition of PAI Group on 16 November 2017.

Mayfair Residences obtained TOP in Oct 2017.

Fully tenanted for MacDonald House.

(As of 1 May 2018)

100% tenanted for retails shops at Balestier Road in FY2018.

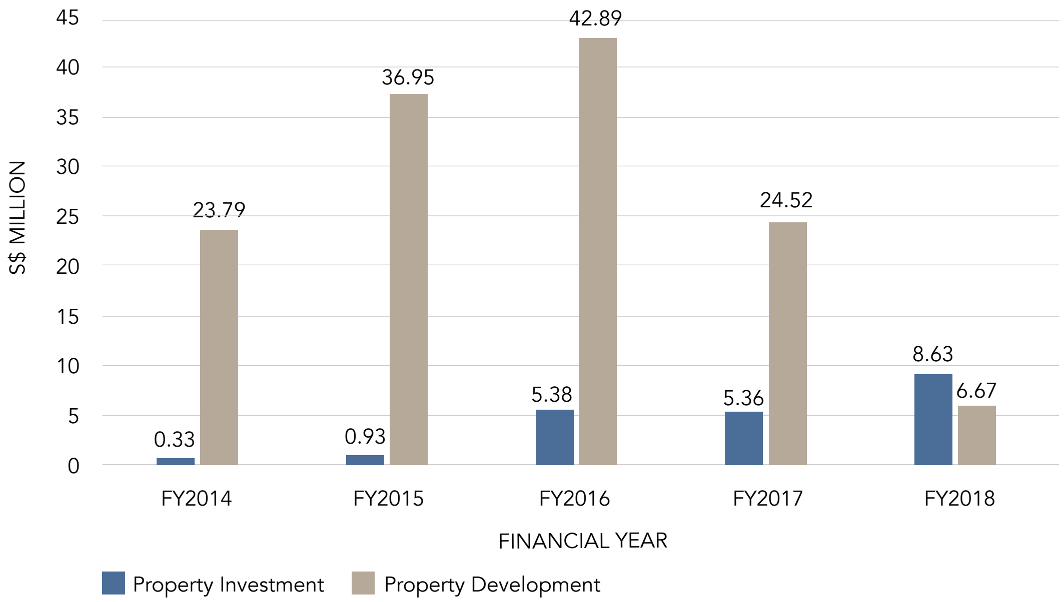
100% tenanted for 14 residential units.

OPERATION REVIEW

REVENUE IN FY2018 BY BUSINESS SEGMENTS

BUSINESS SEGMENTS	S$'000	PERCENTAGE
Property Investment	8,633	56%
Property Development	6,670	44%
TOTAL	15,303	100%

5 YEARS REVENUE BY BUSINESS SEGMENTS



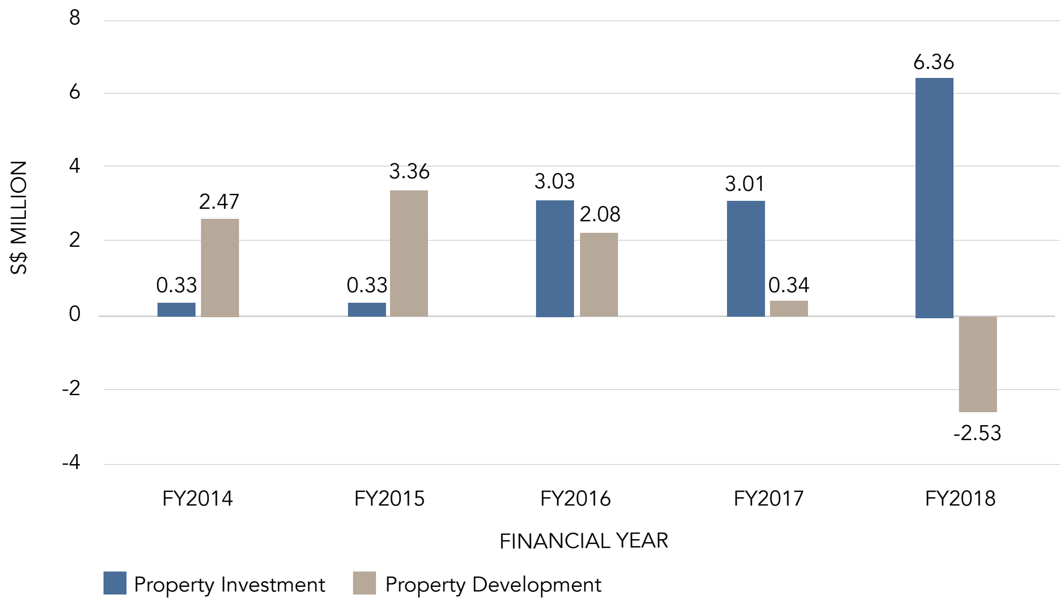
	FY2014 S$' MIL	FY2015 S$' MIL	FY2016 S$' MIL	FY2017 S$' MIL	FY2018 S$' MIL
Property Investment	0.33	0.93	5.38	5.36	8.63
Property Development	23.79	36.95	42.89	24.52	6.67
TOTAL	24.12	37.88	48.27	29.88	15.30

OPERATION REVIEW

GROSS PROFIT IN FY2018 BY BUSINESS SEGMENTS

BUSINESS SEGMENTS	S$'000	PERCENTAGE
Property Investment	6,363	166%
Property Development	(2,535)	(66%)
TOTAL	**3,828**	**100%**

5 YEARS GROSS PROFIT BY BUSINESS SEGMENTS



	FY2014 S$' MIL	FY2015 S$' MIL	FY2016 S$' MIL	FY2017 S$' MIL	FY2018 S$' MIL
Property Investment	0.33	0.33	3.03	3.01	6.36
Property Development	2.47	3.36	2.08	0.34	(2.53)
TOTAL	**2.80**	**3.69**	**5.11**	**3.35**	**3.83**

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

We are committed to protecting and conserving the environment that our business operates in.

Initiatives have been taken to develop buildings which comply with the guidelines set by the local building authorities as we adopt strategies that are socially responsible by incorporating more greenery, landscaping, better facilities and innovative house design into our projects to improve the quality of the environment.

The Group has also adopted the International Organisation for Standardisation (ISO) in Quality Management and Environmental Management.

COMMUNITIES INVOLVEMENT

Corporate social responsibility ("CSR") is embedded in our corporate culture and forms an integral part of our business direction. We are guided by our belief that the inclusion of community interests into our business processes supports the long term interests of our company and our stakeholders.

With our proactive approach to promote CSR, we seek to elevate our corporate image and attract investors. As we place greater value to social inclusiveness and integration, this would also provide the platform for our employees to work in positive workplace to boost employee engagement and increase productivity at work.

We strongly encourage our employees to recycle items and reduce wastage through donation of unwanted usable items and participate in volunteering activities. We believe that when our employees contribute their time and effort to worthy causes, they would in turn develop professionally and personally, with a greater sense of purpose.

EMPLOYEE

The Group provides opportunities for employees to improve their skills set and knowledge to increase workplace productivity and job satisfaction. Employees attended seminars and training programmes covering areas on Audit, Accounting, Taxation, Project Management and Corporate Governance Compliance.

The Group also embarked on Occupation Safety and Health Programmes to raise awareness amongst our employees on the importance of adopting an active and healthy lifestyle. The Group strives to fulfil the rights and obligations of employees in accordance with the applicable laws and regulations.

Employees also actively engage themselves through social and recreational interaction and employee bonding activities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Timur Pradopo
(Non-Executive Chairman and Independent Director)*

Nico Purnomo Po
(Executive Director and
Chief Executive Officer)

Low Chai Chong
(Lead Independent Director)

Bambang Widaryatmo
(Independent Director)

James Kho Chung Wah
(Independent Director)

* *Timur Pradopo will relinquish his appointment as the Chairman of the Board on 1 July 2018 and continue as Independent Director of the Company, and member of the Audit Committee and the Remuneration and Nominating Committee.*

AUDIT COMMITTEE

James Kho Chung Wah *(Chairman)*
Bambang Widaryatmo
Low Chai Chong
Timur Pradopo

REMUNERATION AND NOMINATING COMMITTEE

Low Chai Chong *(Chairman)*
Bambang Widaryatmo
James Kho Chung Wah
Timur Pradopo

COMPANY SECRETARY

Chew Bee Leng

REGISTERED OFFICE

391A Orchard Road
#08-07 Ngee Ann City Tower A
Singapore 238873
Tel: +65 6922 0333
Fax: +65 6922 0338

BANKERS

United Overseas Bank Limited
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited
Bank of China Limited
Malayan Banking Berhad
Deutsche Bank AG
DBS Bank Ltd.

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge : Ng Boon Heng
Date of appointment : From financial year ended 31 March 2016

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542

CORPORATE GOVERNANCE REPORT

Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group") are committed to maintaining a high standard of corporate governance within the Group so as to ensure greater transparency and protection of shareholders' interests. The Group supports the spirit of the Code of Corporate Governance 2012 (the "Code"), whilst also recognising that it needs to develop and maintain its own corporate governance processes to meet its specific business needs.

This report outlines the Group's corporate governance processes and structures that were in place throughout the financial year ended 31 March 2018 ("FY2018"), with specific reference made to each of the principles of the Code.

The board of directors (the "Board" or the "Directors") of the Company confirms that, for FY2018, the Group has generally adhered to the principles and guidelines as set out in the Code. Any deviations from the Code are disclosed and explained in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

Role of the Board

The primary role of the Board is to protect and enhance long-term value and returns for the shareholders. The Board approves the Group's strategic plans, key business initiatives, major investments and funding decisions, and ensures the business affairs of the Group are effectively managed and conducted by an executive management of the Company (the "Management").

The Board has adopted internal guidelines for cheque signatories and operating expenditures to optimise operational efficiency. Additionally, the Board has direct responsibility for decision-making in respect of the following:

(a) providing entrepreneurial leadership, setting the strategic directions and goals of the Company and ensuring that adequate resources are available to meet these objectives;

(b) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) overseeing and monitoring the management and affairs of the Company;

(d) monitoring and reviewing the Management's performance towards achieving organisational goals;

(e) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;

(f) ensuring accurate and timely reporting to, and communication with shareholders;

(g) ensuring the Company's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;

(h) determining and setting the Company's values and standards, including ethical standards, and ensuring that obligations to shareholders and other stakeholders are understood and met; and

(i) considering sustainability issues, including environmental and social factors, in the formulation of the Company's strategies.

Each individual Director has objectively discharged his duties and responsibilities at all times as fiduciaries in the interests of the Company. Directors who are in any way, directly or indirectly, interested in a transaction or proposed

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transaction have to declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50 of Singapore (the "Companies Act").

The Company has adopted internal guidelines governing matters that require the Board's approval, and clear directions have also been given to the Management on the following matters must be approved by the Board:

(a) material acquisition and disposal of assets/investments;

(b) corporate/financial restructuring and corporate exercise;

(c) material financial/funding arrangements and capital expenditures; and

(d) policies and procedures, delegation of authority matrix, code of conduct and business ethics

All relevant information on material events and transactions will be circulated to the Directors as and when they arise.

To facilitate effective management and without abdicating the Board's responsibility, certain functions of the Board have been delegated to various Board committees ("Board Committees"). The Board is assisted by an Audit Committee ("AC") as well as a Remuneration and Nominating Committee ("RNC"), each of which functions are clearly defined in their respective terms of reference and operating procedures which are reviewed by the Board on a regular basis. The RNC and AC comprise Non-Executive Directors, all of whom including the Chairman of each Board Committee, are independent.

Board Meetings and Meetings of Board Committees

The Board meets on a half-yearly basis to review the financial performance of the Group and approve the release of the Group's half year and full year financial results. Additional meetings of the Board may be held as and when circumstances require. The Constitution of the Company (the "Constitution") allows meetings of the Board and Board Committees to be conducted by way of teleconference and videoconference. The Directors normally set dates of the meetings of the Board and Board Committees well in advance.

The attendance of Directors who were in office during FY2018 at meetings of the Board and Board Committees held in FY2018 are set out below:

Name of Director/ Meeting	Board		Audit Committee		Remuneration and Nominating Committee	
	No. of Meetings*	Attendance*	No. of Meetings	Attendance	No. of Meetings	Attendance
Nico Purnomo Po	2	2	N.A.	N.A.	N.A.	N.A.
Tan Kay Kiang(1)	1	1	N.A.	N.A.	N.A.	N.A.
Low Chai Chong	2	2	2	2	1	1
Timur Pradopo	2	2	2	2	1	1
Bambang Widaryatmo	2	2	2	2	1	1
James Kho Chung Wah	2	2	2	2	1	0

* Refers to meetings held and attended while each Director was in office.
(1) Mr. Tan Kay Kiang has resigned as Non-Executive Director of the Company with effect from 26 October 2017.

Training and Development of Directors

The Management will organise orientation programmes for new Directors to familiarise them with the Group's operations and business issues as well as the relevant regulations and governance requirements. For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses

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organised by Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry specific knowledge, as appropriate, in connection to their duties.

The Company provides timely information to the Directors on Board's processes, corporate governance practices and updates on changes to laws and regulations. The Directors are also encouraged to keep themselves abreast of latest developments relevant to the Company or themselves. Where necessary, the Directors will be updated on new legislations and/or regulations and changing commercial risks, from time to time, which are relevant to the Group. News releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to the Board. The Directors are kept informed of upcoming conferences and seminars relevant to their roles as Directors of the Company. Such conferences and seminars as well as other training courses will be arranged and funded by the Company for all Directors. Annually, the external auditors will update the AC and the Board on any new and revised financial reporting standards which are relevant to the Group.

During the period under review, Directors are provided with briefings and updates (i) on the developments in financial reporting and governance standards by the external auditors; and (ii) on changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management on monthly basis and during the meetings of the Board and Board Committees.

Newly appointed Directors will be issued a formal letter by the Company Secretary setting out the scope of their duties and obligations as a Director upon their appointment.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises five (5) Directors, four (4) of whom are Independent Directors. Details of the Directors are as set out below:

Name of Director	Position held on the Board and Board Committees served on (if any)	Board appointment whether executive, non-executive or independent	Date of first appointment	Date of last re-election
Nico Purnomo Po	Director and Chief Executive Officer	Executive	31 March 2008	Not applicable[1]
Low Chai Chong	Director, Chairman of RNC and member of AC	Non-Executive/ Independent	1 September 2010	27 July 2017
Timur Pradopo	Director, member of AC and RNC	Non-Executive/ Independent	18 March 2014	22 July 2016
Bambang Widaryatmo	Director, member of AC and RNC	Non-Executive/ Independent	18 March 2014	22 July 2016
James Kho Chung Wah	Director, Chairman of AC and member of RNC	Non-Executive/ Independent	29 May 2014	23 July 2015

(1) Under Article 99 of the Company's Constitution, the Managing Director of the Company (or any Director holding an equivalent appointment) is not subject to retirement by rotation.

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The profiles and key information of the individual Directors as well as their respective shareholdings in the Company are set out in the "Board of Directors" and "Directors' Statement" sections of this annual report respectively.

There is presently a strong and independent element on the Board, with Independent Directors constituting a majority of the Board, which is in line with the Code. The independence of the Directors is reviewed annually by the RNC. The RNC adopts the Code's definition as to what constitutes an Independent Director in its review. In addition, each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors have confirmed that they do not have any relationship with other Directors, the Company or its related corporations or its officer or its shareholders with shareholdings of 10% or more in the voting shares of the Company, that could interfere, or be reasonably perceived to interfere, with the exercise or their independent business judgement with a view to the best interests of the Company. Taking into consideration the RNC's review and the confirmation received from the Independent Directors, the Board is of the view that Mr. Low Chai Chong, Mr. Timur Pradopo, Mr. Bambang Widaryatmo and Mr. James Kho Chung Wah are independent. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his appointment.

The size and composition of the Board is reviewed on an annual basis by the RNC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the RNC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The RNC then nominates the most suitable candidate for appointment by the Board to the Company.

The Board and the RNC have considered and are satisfied that the current size of the Board is appropriate taking into consideration the existing nature and scope of the operations of the Group.

The Board and the RNC are also satisfied that the current Board as a group has core competencies in accounting and finance, legal, business and management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

The Non-Executive Directors provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the Management in achieving agreed targets and objectives. To facilitate a more effective check on the Management, the Non-Executive Directors are encouraged to arrange for meetings without the Management being present at times deemed necessary.

In general, the Board is able to exercise objective judgment independently from the Management and no individual or small group of individuals dominates the decision-making of the Board.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a clear division of roles and responsibilities between the Non-Executive Chairman, Mr. Timur Pradopo, and the Chief Executive Officer ("CEO"), Dr. Nico Purnomo Po. The Non-Executive Chairman leads and manages the business of the Board whilst the CEO and his team of management staff translate the Board's decisions into executive action. The segregation of the roles and responsibilities of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Non-Executive Chairman is not related to the CEO.

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The Chairman of the Board, is responsible for:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda for the meetings of the Board and instructing the Company Secretary to disseminate it to all Directors before each meeting;

(c) promoting a culture of openness and debate within the Board;

(d) ensuring the Board members engage the Management in constructive debate on various matters including strategic issues;

(e) ensuring that the Directors receive complete, adequate and timely information;

(f) ensuring effective communication with shareholders;

(g) facilitating the effective contribution of Non-Executive Directors in particular; and

(h) continuous pursuance of high standards of corporate governance.

The CEO is responsible for implementing the Group's strategies and policies, making strategic and business investment decisions as well as the overall management and performance of the Group. The Board is of the opinion that there is a balance of power and authority within the Board.

The Board has appointed Mr. Low Chai Chong, an Independent Director, as the Lead Independent Director. Mr. Low Chai Chong chairs the RNC and is also a member of the AC. Mr. Low Chai Chong is available to shareholders when they have concerns which contact through the normal channels of the Chairman, the CEO or the Financial Controller has failed to resolve, or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors will meet, where necessary, without the presence of the other Directors and the Lead Independent Director will provide feedback to the CEO after such meetings as deemed appropriate.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The RNC was formed in June 2003 through the merger of the Nominating Committee and the Remuneration Committee of the Company. Currently, the RNC comprises four (4) Non-Executive Directors, all of whom including the Chairman of the RNC are independent. The Chairman of the RNC is not a substantial shareholder of the Company or directly associated with any substantial shareholder of the Company.

The members of the RNC are as follows:

Mr. Low Chai Chong – Chairman
Mr. James Kho Chung Wah
Mr. Timur Pradopo
Mr. Bambang Widaryatmo

The RNC has written terms of reference setting out its authority and duties, and regulates its procedures and in particular, the calling and frequency of meetings, the notice to be given of such meetings, the voting and proceedings thereat. The Company also maintains records of the deliberations and proceedings of the meetings of the RNC. The key terms of reference of the RNC are as follows:

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(a) the RNC shall comprise not fewer than three (3) Directors, a majority of whom shall be independent;

(b) the Chairman of the RNC shall be an Independent Non-Executive Director; and

(c) the Board shall within three (3) months of cessation of a member appoint a new member from the date of cessation so that the number of members of the Board does not fall below three (3) if a member, for any reason, ceases to be a member.

The RNC handles both nominating and remuneration matters of the Company. With regards to nominating matters, the RNC pursuant to its written terms of reference shall:

(a) establish procedures for and make recommendations to the Board on all Board appointments and re-appointments;

(b) review re-nominations, having regard to the Director's contribution and performance (e.g. attendance, preparedness and participation) including, if applicable, as an Independent Director;

(c) decide whether the Director is able to and has been adequately carrying out his duties as a Director when the Director has multiple board representations;

(d) review the independence of the Directors on an annual basis;

(e) establish procedures for the evaluation of the Board's performance and propose objective performance criteria, which shall be approved by the Board;

(f) assess the effectiveness of the Board as a whole and the Board Committees as well as assess the contribution by each individual Director to the effectiveness of the Board;

(g) identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill these gaps;

(h) ensure that all Board appointees undergo an appropriate induction programme;

(i) review annually the Board's structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary; and

(j) recommend the appropriate training and professional development programmes for the Board.

The RNC's role in respect of remuneration matters is separately disclosed under Principle 7 (Procedures for Developing Remuneration Policies).

The RNC is charged with determining the independence of the Directors as set out under Guideline 2.3 of the Code. The RNC conducts an annual review of the Directors' independence and is of the view that Mr. Low Chai Chong, Mr. Timur Pradopo, Mr. Bambang Widaryatmo and Mr. James Kho Chung Wah are independent. The Board noted that Mr. Low Chai Chong is a partner at Dentons Rodyk & Davidson LLP ("Dentons Rodyk") which provides legal services to and receives fees from the Group. Nevertheless, the RNC has considered Mr. Low Chai Chong to be independent as the fees for the services rendered were not significant. Furthermore, Mr. Low Chai Chong does not hold more than 10% stake in Dentons Rodyk. Mr. Low Chai Chong has been and is capable of maintaining his objectivity and independence at all times in discharging his duties and responsibilities.

Currently, none of the Directors hold excessive number of board representations. Nonetheless, the Board has set the maximum number of listed company board representations each Director may hold to be eight (8). When a Director has multiple board representations, the RNC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The RNC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

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In the selection process for the appointment of new Directors, the RNC will review the composition of the Board and identify the skill sets which enhance the Board's overall effectiveness. Potential candidates are identified from various sources. In assessing the suitability of a candidate to be appointed to the Board, the RNC will consider if he or she is able to make the appropriate contributions to the Board and the Group. The key factors which the RNC will take into consideration are:

(a) qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group; and

(b) extensive experience and business contacts in the industry in which the Group operates.

The proposed candidates' independence (if necessary) will also be considered before the RNC makes its recommendations to the Board. The new Directors will then be appointed by the Board.

The RNC is in charge of nominating the Directors for re-appointment, having regard to their competencies, commitment, contribution and performance, including but not limited to attendance, preparedness, participation and candour. Under the Company's Constitution, at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting ("AGM") of the Company, provided all Directors except the Managing Director (or any Director holding an equivalent appointment) shall retire by rotation at least once every three (3) years. The CEO shall not be subject to retirement by rotation nor be taken into account in determining the number of Directors to retire pursuant to the Company's Constitution.

The RNC has reviewed and is satisfied that the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM of the Company are properly qualified for re-appointment by virtue of their skills, experience and contributions. The RNC has recommended to the Board that Mr. James Kho Chung Wah who is retiring pursuant to Article 104 of the Company's Constitution, be nominated for re-election as Director at the forthcoming AGM of the Company. Mr. Bambang Widaryatmo who is also due to retire under Article 104 of the Company's Constitution, will not be seeking re-election at the forthcoming AGM. Please refer to the "Board of Directors" section of this annual report for more information on the Directors.

Each member of the RNC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberations of the RNC in respect of the assessment of his performance or re-nomination as a Director. Accordingly, Mr. James Kho Chung Wah and Mr. Bambang Widaryatmo as members of the RNC have abstained from voting on any resolutions in relation to the assessment of his performance as a Director.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The RNC has implemented a formal review process to assess the effectiveness of the Board and the individual Director's performance on an annual basis. All members of the Board are required to complete and send the evaluation forms to an independent coordinator (the "Independent Coordinator") directly and in confidence within four (4) weeks after the end of each financial year. The Independent Coordinator will then collate the results and forward them to all members of the RNC for discussion. The RNC will thereafter report its findings to the Board.

For the purpose of its evaluation of the Directors' performance, the RNC focuses on whether the Directors, individually or collectively, possess the background, experience, competencies in finance and management skills critical to the Group's business as well as whether each Director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well considered decisions to be made.

The performance criteria for the board evaluation are in respect of the board composition and independence, board processes, board information and accountability, board's review risk and internal controls and the Company's performance of industry comparative date.

Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Board Committee meetings including his contribution to Board processes as well as the business strategies and performance of the Group.

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The Board, together with the RNC, is of the view that due to the relatively small size of the Board and given the background, experience and expertise of each Director, assessment by the RNC of the effectiveness of the Board as a whole and each Director's performance is sufficient and it would not be necessary to assess the effectiveness of the Board Committees by external facilitator.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board, the Board Committees and every Director have separate and independent access to the Management and are entitled to request for additional information as needed to make informed decisions.

To ensure that the Board is able to fulfill its responsibilities, the Management provides the Board with a management report containing complete, adequate and timely information prior to Board meetings as well as a report of the Group's ongoing activities. In addition to the business plans submitted to the Board for approval, the Board is provided with management reports, board papers and related materials in respect of the Group's performance, position and prospects as and when requested.

The Management will also keep the Board apprised of material variances between the actual results, corresponding period of the last financial year and the budget with appropriate explanation on such variances.

In addition, all Directors have separate and independent access to the Company Secretary. The Company Secretary attends all meetings of the Board and Board Committees and prepares minutes of meetings of the Board and of the Board Committees which are circulated for review. The Company Secretary is also responsible for ensuring that Board procedures and all other rules and regulations applicable to the Company are followed and advises the Board of the requirements of the Company's Constitution, the Companies Act and the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules").

The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.

The Directors may seek independent professional advice as and when necessary in furtherance of their duties. The appointment of such professional advisors is subject to approval by the Board. Any cost of obtaining such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The members of the RNC are disclosed under Principle 4 (Board Membership).

With regards to remuneration matters, the RNC pursuant to its written terms of reference shall:

(a) review and recommend to the Board a framework of remuneration for the Directors and key management personnel which covers Directors' fees, where applicable, basic salaries, allowances, bonuses and benefits-in-kind;

(b) review the remuneration packages of all managerial staff who are related to any of the Directors;

(c) review the performance of key management personnel to enable the RNC to determine their annual remuneration and bonus rewards and etc; and

(d) recommend to the Board, in consultation with the key management personnel and the CEO, any long-term incentive scheme.

The RNC is tasked to provide a formal, transparent and objective procedure for fixing the remuneration packages of individual Directors and to ensure that the level of remuneration paid by the Company serves to attract, retain and motivate the employees needed to manage the Company successfully. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind shall be covered by the RNC. The recommendations made by the RNC will be submitted for endorsement by the Board. Each member of the RNC shall abstain from voting on any resolutions in respect of his remuneration package.

The RNC has access to professional advice from experts outside the Company on remuneration matters as and when necessary. The RNC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. The Company will also disclose the names and firms of the remuneration consultants (if any) in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company. The Company did not engage any remuneration consultant in respect of the remuneration matters of the Group during FY2018.

In the case of service contracts, the RNC will review the compensation commitments the Directors' or key management personnel's contracts of service, if any, would entail in the event of termination with a view to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

The Group sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group. In setting remuneration packages, the Group takes into account salary and employment conditions within the same industry and in comparable companies. The Group adopts a remuneration policy for the Executive Director, comprising a basic salary component as well as a bonus component, which is performance-based and seeks to align the interests of the Executive Director with those of the shareholders of the Company.

Currently, the Company does not have any long-term incentive scheme. The RNC will consider recommending the implementation of incentive schemes for the executive and non-executive directors as well as key management personnel as and when it considers appropriate.

All Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Directors. The payment of such fees to the Directors is subject to approval of shareholders at each AGM of the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

Non-Executive Directors have no service contracts with the Company. The Executive Director has a service contract with the Company, which can be terminated by either the Company or the Executive Director giving not less than three (3) months' notice in writing.

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The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owes a fiduciary duty to the Company, and hence, the Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties. The RNC will review such contractual provisions with the Executive Director and key management personnel as and when necessary.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors or the CEO) for FY2018 is set out below:

Remuneration Band and Name of Director	Base/Fixed Salary	Bonus	Directors' Fees(1)	Other Benefits(2)	Total
Between S$250,001 and S$500,000					
Nico Purnomo Po	85%	-	6%	9%	100%
S$250,000 and below					
James Kho Chung Wah	-	-	100%	-	100%
Tan Kay Kiang(3)	-	-	100%	-	100%
Low Chai Chong	-	-	100%	-	100%
Timur Pradopo	-	-	100%	-	100%
Bambang Widaryatmo	-	-	100%	-	100%

(1) Directors' fees are subject to the approval of the Company's shareholders at the forthcoming AGM of the Company.
(2) Other benefits include transport allowance paid during FY2018.
(3) Mr. Tan Kay Kiang resigned with effect from 26 October 2017.

Mr. Tan Nan Choon, former alternate Director to Mr. Tan Kay Kiang, was not paid any remuneration for FY2018.

Remuneration Band and Name of Key Management Personnel(1)	Base/Fixed Salary	Bonus	Other Benefits	Total
S$250,000 and below				
Tracy Wun May Ling(2)	100%	-	-	100%
Chan Tee Yong	100%	-	-	100%

(1) The Company has only two (2) key management personnel (who is not a Director nor the CEO) in FY2018.
(2) Ms. Tracy Wun May Ling resigned with effect from 31 October 2017.

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There were no termination, retirement and post-employment benefits granted to the Directors and key management personnel (who are not Directors or the CEO).

After due consideration, the Board has decided not to disclose the remuneration of the individual Directors in full and the aggregate total remuneration paid to the key management personnel (who are not Directors or the CEO) due to the competitive pressures and disadvantages that may result from such disclosure as well as for confidentiality reasons.

The Company does not have any employee who is an immediate family member of any Director or the CEO, and whose remuneration exceeds S$50,000 during FY2018.

Currently, the Company does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options in place.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board endeavors to ensure that the annual audited financial statements as well as the half yearly and full year announcements of the Group's financial results present a balanced and comprehensible assessment of the Group's performance, position and prospects. The Board embraces openness and transparency in the conduct of the Company's matters, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements and press releases via SGXNET on a timely basis.

The Board takes adequate steps to ensure compliance with the relevant legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. During FY2018, the Board has reviewed reports submitted by the Management to ensure compliance with all the Group's policies, operational practices and procedures and relevant legislative and regulatory requirements.

In line with the Catalist Rules, the Board has also provided a negative assurance statement to shareholders in respect of the half yearly results announcement.

The Management also provides the Board with appropriate detailed management accounts of the Group's performance, position and prospects on monthly basis to enable the Board to make a balanced and informed assessment of the Group's financial position, performance and prospects.

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Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk Management

The Board's Responsibility

The Board acknowledges that it is responsible for the overall internal control framework and the maintenance of a sound system of risk management and internal controls.

Enterprise Risk Management Exercise

An Enterprise Risk Management ("ERM") Committee which comprises senior personnel from the operational and financial aspects has been established in FY2017. The ERM Committee has reviewed the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

For the key operational, financial, compliance, human capital, environment and information technology risks identified, the ERM Committee will ensure the adequacy and effectiveness of the internal controls implemented to manage the identified risks based on the ERM framework executed.

Confirmation provided by Senior Management

The Board has overseen the Management in the design, implementation and monitoring of the risk management system. On an annual basis, the ERM Committee will report to the Board the processes, risks, and risk mitigating controls that are in place and provide updates on the status of significant issues of the Group, if any, to the Board. Based on the evaluation of risk management system performed by the ERM Committee, the CEO and Financial Controller have provided written assurance to the Board that the Group's risk management system is adequate and effective for FY2018.

Internal Controls

The effectiveness of the internal control systems and procedures are monitored by the Management. The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position on annual basis. During FY2018, the AC, on behalf of the Board, has reviewed the adequacy and effectiveness of the Group's internal controls systems, including financial, operational, compliance and information technology controls, and risk management systems on an annual basis. The processes used by the AC to review the adequacy and effectiveness of the system of internal control and risk management include:

(a) discussions with the Management on risks management;

(b) the internal audit processes;

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(c) the review of external and internal audit plans; and

(d) the review of significant issues raised by the external and internal auditors.

Based on the framework of risk management and internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are effective and adequate to meet the needs of the Group in its current business environment.

The Board has also received written assurance from the CEO and the Financial Controller that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems are effective.

The Group has adopted ISO9001, ISO14001 and OHSAS18001, in order to achieve higher adequacy and effectiveness of the Group's risk management and internal control systems.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Currently, the AC comprises four (4) Non-Executive Directors, all of whom including the Chairman of the AC are independent. The Chairman of the AC is not a substantial shareholder of the Company or directly associated with any substantial shareholder of the Company.

The members of the AC are as follows:

Mr. James Kho Chung Wah - Chairman
Mr. Low Chai Chong
Mr. Timur Pradopo
Mr. Bambang Widaryatmo

The members of the AC have many years of experience in senior management positions in both financial and industrial sectors. The Board is of the opinion that the members of the AC are appropriately qualified to discharge their responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference, with full access to and co-operation from the Management as well as full discretion to invite any Director or executive officer of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly.

For FY2018, the AC held two (2) meetings.

CORPORATE GOVERNANCE REPORT

The main objective of the AC is to assist the Board in fulfilling the fiduciary responsibilities of the Company and each of its subsidiaries. The AC, pursuant to its written terms of reference, shall:

(a) recommend to the Board the appointment or re-appointment and approving the remuneration and terms of engagement of the external auditors and internal auditors;

(b) review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Management to the internal and external auditors;

(c) evaluate the effectiveness of both the internal and external audit efforts through regular meetings;

(d) determine that no unwarranted management restrictions are being placed upon the external and internal auditors;

(e) review the financial statements with the Management and external auditors (where applicable) for submission to the Board;

(f) review the half yearly and full year announcements of the results of the Group before submission to the Board for approval;

(g) report to the Board summarising the work performed by the AC in carrying out its functions;

(h) review interested person transactions;

(i) have explicit authority to investigate any matter within its terms of reference, with full access to and co-operation by the Management and full discretion to invite any Director or executive officer of the Group to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(j) review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external and internal auditors;

(k) meet with the external and internal auditors, without the presence of the Management, at least annually;

(l) review the independence of the external auditors annually; and

(m) review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out internally or with the assistance of any competent third parties).

In addition to the abovementioned activities undertaken to fulfil its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, Catalist Rules and other rules and regulations which could have an impact on the Group's business and financial statements.

The AC has met the external auditors and the internal auditors, without the presence of the Management, for FY2018.

The Company's external auditors are Ernst & Young LLP. During FY2018, the aggregate amount of fees paid and/or payable to the external auditors for audit services amounted to approximately S$193,000. During FY2018, there were no non-audit services rendered by the external auditors to the Group. The AC has reviewed and confirmed the independence and objectivity of the external auditors. As such, the AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE REPORT

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of auditing firms for the Group. No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Whistle-Blowing Policy

The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group including a direct channel to the AC, for reporting suspected fraud, corruption, dishonest practices or other similar matters.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. On an ongoing basis, the whistle-blowing policy is covered during staff training as part of the Group's efforts to promote fraud control awareness.

The policy and its effectiveness will be reviewed by the AC periodically, with recommendations regarding updates or amendments, if any, to be made to the Board as required.

There was no whistle-blowing report received during FY2018.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC's responsibilities over the Group's internal controls and risk management systems are complemented by the work of the internal auditors. The size of the operations of the Group does not warrant the Group having an in-house internal audit function. The Company has outsourced its internal audit function to an independent professional firm, Wensen Consulting Asia (S) Pte. Ltd., to perform the review and test of controls of the Group's processes in FY2018. The AC approves any hiring, removal, evaluation and remuneration of the external professional firm to which the internal audit function is outsourced. The AC has reviewed and assessed the qualifications and experience of the appointed internal audit firm's team which undertakes the function of its internal audit within the Group.

The internal auditors report to the Chairman of the AC. The internal auditors plan their internal audit schedules in consultation with, but independent of, the Management. The internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC has reviewed the scope and findings of the internal audit performed by the internal auditors during FY2018 and the Management's responses thereto.

The AC is satisfied that the internal audit function is adequately staffed with suitably qualified and experienced professionals with the relevant experience.

The internal auditors are guided by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC will assess and ensure the adequacy and effectiveness of the internal audit function annually.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Board is mindful of its obligations to provide timely and fair disclosure of material information to the SGX-ST and shareholders in accordance with Appendix 7A on "Corporate Disclosure Policy" of the Catalist Rules. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. The Board's policy is that all shareholders should be equally informed on a timely basis of all major developments that impact the Group. Price sensitive information, results and annual reports of the Company are released via SGXNET. A copy of the annual report, together with the notice of AGM, is sent to every shareholder. Such notice is also advertised in a daily newspaper.

All shareholders are entitled to attend the Company's general meetings and are provided the opportunity to participate in the general meetings. Shareholders are also briefed by the Company on the rules, including voting procedures that govern general meetings. These general meetings also provide excellent opportunities for the Company to obtain shareholders' views on value creation. Shareholders (other than a shareholder who is a relevant intermediary) may vote in person or by appointing up to two (2) proxies to attend and vote on their behalf at the general meetings of the Company. A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the general meetings of the Company. The duly completed proxy form is to be deposited at the Company's registered office 48 hours before the time of the general meetings.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns.

The Company does not practice selective disclosure of material information. All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET and the Company's website.

General meetings have been and are still the principal forum for dialogue with shareholders. They offer opportunities for Board to interact with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

Currently, the Company does not have a fixed dividend policy. The Board would consider establishing a dividend policy when appropriate. In considering the payment of dividend, the Board shall consider factors such as the Company's profits, cash flows, working capital and capital expenditure requirements, investment plans and other factors that the Board may deem relevant. Taking into consideration these factors, the Company has not declared any dividends for FY2018.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the general meetings to communicate their views on matters affecting the Group and to stay informed of the Group's strategies and visions. The Company's Constitution does not allow shareholders to vote in absentia. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Substantially separate issues are tabled in separate resolutions at general meetings. Voting is carried out systemically, and the votes casted and resolutions passed are properly recorded.

All Board members, including the Chairman of the AC and the RNC, and the external auditors are normally available at general meetings of the Company to answer questions from the shareholders. Registered shareholders are invited to attend and participate actively in such meetings.

The Company Secretary prepares minutes of general meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the Management (if any). These minutes will be made available to shareholders upon request.

The Company conducts the voting of all its resolutions by poll at all its general meetings. The results of poll of each resolutions tabled are announced at the meetings and in an announcement released after the meeting via SGXNET. Shareholders can vote in person or by their appointed proxies. The Company will employ electronic polling if necessary.

DEALINGS IN THE COMPANY'S SECURITIES

The Company has issued a guideline on share dealings to all Directors and employees of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204(19) of the Catalist Rules, the Company issues a notification to all Directors and employees of the Group informing them that they are not allowed to deal in the securities of the Company during the period commencing one (1) month before the announcement of the Company's half-year or full-year financial results, and ending on the date of the announcement of the relevant results. In addition, the Company prohibits all Directors and employees of the Group from dealing in the Company's securities on short-term considerations or when they are in possession of unpublished price-sensitive information.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures governing all interested person transactions to ensure that they are properly reviewed and approved. The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules. There was no interested person transactions with aggregate value more than S$100,000 entered into during the financial year save as disclosed in the section entitled "Material Contracts".

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

Save as disclosed above in the section entitled "Interested Person Transactions" and as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder, either still subsisting at the end of FY2018, or if not then subsisting, entered into since the end of the previous financial year:

(a) As at the end of FY2018, there was an outstanding loan amount of S$28,981,202 due to Pollux Treasures Pte. Ltd., a company wholly-owned by Pollux Botero Pte. Ltd. (a 50:50 joint venture with Goldman Morgan Holdings Pte. Ltd., a company wholly-owned by Dr. Nico Purnomo Po (Director and CEO of the Company)), from the Company and Goldman Morgan Holdings Pte. Ltd.. This loan is unsecured and interest-free, and is repayable on demand.

(b) On 8 August 2017, the Company had entered into a conditional sale and purchase agreement with Pollux Holdings Pte. Ltd., to acquire the entire issued and paid-up share capital of Pollux Alpha Investments Ltd and its subsidiaries ("PAI Group").

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Company's sponsor, SAC Capital Private Limited for FY2018.

25 June 2018

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2018.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Nico Purnomo Po	
James Kho Chung Wah (Gu Songhua)	
Low Chai Chong	
Bambang Widaryatmo	
Timur Pradopo	
Tan Kay Kiang	(Resigned on 26 October 2017)
Tan Nan Choon	(Alternate director to Tan Kay Kiang, ceased on 26 October 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Names of directors	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2018**	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2018**
<u>The Company</u>						
Pollux Properties Ltd. *(Ordinary shares)*						
Nico Purnomo Po	–	–	–	378,789,384	2,483,242,325	2,483,242,325
Low Chai Chong	–	–	–	200,000	200,000	200,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, shares options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

DIRECTORS' STATEMENT

Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under options at the end of financial year.

Audit Committee

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the internal and external auditors;
- Reviewed the half yearly financial results and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual Section B: Rules of Catalist.

During the financial year, no non-audit services were provided by the external auditor to the Group. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the financial year with full attendance from all members. The AC has also met with the internal and external auditors, without the presence of the Company's management during the financial year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Nico Purnomo Po
Director

James Kho Chung Wah (Gu Songhua)
Director

Singapore
29 June 2018

INDEPENDENT AUDITOR'S REPORT

For the Financial Year ended 31 March 2018

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for sale of development properties under construction

The Group is involved in the construction of development properties for which it applies the percentage of completion (POC) method. The POC is measured by reference to the proportion of total contract costs incurred for work performed to date and the estimated total contract costs to completion. For the financial year ended 31 March 2018, the Group recognised $6.7 million of revenue from sale of development properties recognised on the POC basis.

The POC method involves the use of significant management judgement and estimates including estimates of progress towards completion, scope of deliveries and services required, total contract cost and remaining costs to completion that affect the stage of completion computation. In addition, revenue, cost and gross profit recognised on such contracts can vary from the Group's original estimates because of changes in key assumptions used. As such, we determined this to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT

For the Financial Year ended 31 March 2018

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Accounting for sale of development properties under construction (cont'd)

As part of our audit procedures, we assessed the reasonableness of the key assumptions underlying the total estimated contract costs, and the process in which they were drawn up, and tested the underlying calculations. We assessed the appropriateness of key assumptions such as construction costs, professional fees and other overhead costs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs. We evaluated the processes and controls in place over the contract costs incurred and assessed the reasonableness of the estimated total contract costs to completion. We discussed the progress of the projects with management for any potential disputes, variation order claims, known technical issues or significant events to determine if there are any changes such as delays, penalties, overruns where it is probable that total contract costs will exceed total contract revenue and require the recognition of foreseeable losses on such contracts. We checked reperformed calculations of the revenue and profit recognised based on the POC method. We checked arithmetic accuracy of the revenue and profit recognised based on the POC method. We also assessed the adequacy of disclosure for development properties under construction and the related disclosure in Note 18 to the financial statements.

Acquisition of Pollux Alpha Investments Ltd ("PAI")

During the financial year ended 31 March 2018, the Group acquired PAI to allow the Group to expand its investment property portfolio and increase its revenue stream. The Group completed the related purchase price allocation ("PPA") exercise and recognised a bargain purchase of $61.3 million as the fair value of PAI's net assets of $202.5 million exceeded the total purchase consideration of $141.2 million.

We have determined the acquisition to be a key audit matter based on the quantitative materiality of the acquisition, and the significant management judgement and estimates in assessing the reasonableness of the bargain purchase and the identification and fair valuation of the acquired assets involved in the PPA exercise. Management has engaged an independent valuation specialist to assist them with the PPA exercise.

As part of our audit procedures, we read the sale and purchase (S&P) agreement and Circular to obtain an understanding of the transactions and the key terms. A crucial element of our audit relates to assessing the rationale and reasonableness of the bargain purchase and management's identification and fair valuation of the acquired assets based on our understanding of the business of PAI and our discussion with management and board of directors on the business rationale of the acquisition. We assessed the competence and objectivity of the independent valuation specialist engaged by the Group.

We also involved our internal specialists in assessing the valuation methodologies and the reasonableness of the key assumptions and inputs such as comparable sales data used by the management and the independent valuation specialist in the fair valuation of the assets identified. We evaluated the appropriateness of the accounting treatment of this acquisition and assessed the fair value of the purchase consideration. We also assessed the adequacy of the related disclosures in Note 14 to the financial statements.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

For the Financial Year ended 31 March 2018

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the Financial Year ended 31 March 2018

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ng Boon Heng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

29 June 2018

CONSOLIDATED INCOME STATEMENT

For the Financial Year ended 31 March 2018

	Note	2018 $	2017 $
Revenue	4	15,303,305	29,878,131
Cost of sales	5	(11,475,105)	(26,533,548)
Gross profit		3,828,200	3,344,583
Other items of income			
Interest income	6	18,307	84,027
Other income	7	61,593,343	531,155
Other items of expense			
Marketing and distribution		(19,300)	(19,500)
General and administrative		(9,099,868)	(6,990,209)
Finance costs	8	(1,838,927)	(697,906)
Share of results of an associate, net of tax		8,329	(2,551)
Share of results of a joint venture, net of tax		(3,030,624)	6,362,654
Profit before tax	9	51,459,460	2,612,253
Income tax credit/ (expense)	10	316,451	(36,503)
Profit for the financial year		51,775,911	2,575,750
Attributable to:			
Owners of the Company			
Profit for the financial year attributable to owners of the Company		51,775,911	2,575,750
Earnings per share attributable to owners of the Company (cents per share)			
- Basic	11	3.657	0.411
- Diluted	11	3.657	0.411
Earnings per share (cents per share)			
- Basic	11	3.657	0.411
- Diluted	11	3.657	0.411

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 March 2018

	2018 $	2017 $
Profit for the financial year	51,775,911	2,575,750
Other comprehensive income for the financial year, net of tax	–	–
Total comprehensive income for the financial year	51,775,911	2,575,750
Attributable to:		
Owners of the Company		
Total comprehensive income for the financial year attributable to owners of the Company	51,775,911	2,575,750

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2018

	Note	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Non-current assets					
Plant and equipment	12	2,757,539	1,508,180	6,446	11,532
Investment properties	13	331,916,381	50,988,220	–	–
Investment in subsidiaries	14	–	–	141,232,487	2
Investment in a joint venture	15	9,945,663	13,197,787	1	1
Investment in an associate	16	855,622	847,293	847,000	847,000
Investment securities	17	1,512,000	–	1,512,000	–
		346,987,205	66,541,480	143,597,934	858,535
Current assets					
Properties under development	18	–	25,754,056	–	–
Trade receivables	19	6,893,940	13,156,038	–	–
Other receivables and deposits	20	131,883	444,937	37,402	38,968
Prepaid operating expenses		24,554	94,825	12,296	12,868
Due from subsidiaries	21	–	–	47,027,680	52,796,101
Due from related companies	22	13,814,511	9,186,352	10,351,897	5,686,352
Investment securities	17	304,200	–	–	–
Cash and cash equivalents	23	19,166,086	3,185,653	1,997,285	1,089,423
		40,335,174	51,821,861	59,426,560	59,623,712
Total assets		387,322,379	118,363,341	203,024,494	60,482,247
Equity and liabilities					
Current liabilities					
Trade payables	24	4,156,377	3,532,784	–	–
Deferred revenue		331,090	217,356	–	–
Other payables and accruals	25	4,301,553	2,086,852	542,557	460,255
Provision for taxation		684,864	401,542	–	–
Loans and borrowings	26	51,281,630	26,359,889	–	–
Loan from joint venture	27	–	14,490,601	–	14,490,601
Due to subsidiaries	28	–	–	59,792,414	2,217,700
Due to related parties		10,536	–	–	–
		60,766,050	47,089,024	60,334,971	17,168,556
Net current (liabilities)/assets		(20,430,876)	4,732,837	(908,411)	42,455,156
Non-current liabilities					
Deferred tax liabilities	10	202,916	543,810	–	–
Loan from joint venture	27	14,490,601	–	14,490,601	–
Loans and borrowings	26	121,433,302	17,371,026	–	–
		136,126,819	17,914,836	14,490,601	–
Total liabilities		196,892,869	65,003,860	74,825,572	17,168,556
Net assets		190,429,510	53,359,481	128,198,922	43,313,691
Equity attributable to owners of the Company					
Share capital	29	140,099,994	54,805,876	140,099,994	54,805,876
Revenue reserve		50,329,516	(1,446,395)	(11,901,072)	(11,492,185)
Total equity		190,429,510	53,359,481	128,198,922	43,313,691
Total equity and liabilities		387,322,379	118,363,341	203,024,494	60,482,247

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 31 March 2018

	Attributable to owners of the Company		
	Share capital $	Revenue reserve $	Total equity $
Group			
At 1 April 2016	54,805,876	(4,022,145)	50,783,731
Profit net of tax, representing total comprehensive income for the financial year	–	2,575,750	2,575,750
At 31 March 2017 and 1 April 2017	54,805,876	(1,446,395)	53,359,481
Profit net of tax, representing total comprehensive income for the financial year	–	51,775,911	51,775,911
Shares issued for acquisition of subsidiary	85,294,118	–	85,294,118
At 31 March 2018	140,099,994	50,329,516	190,429,510
Company			
At 1 April 2016	54,805,876	(10,550,498)	44,255,378
Loss net of tax, representing total comprehensive income for the financial year	–	(941,687)	(941,687)
At 31 March 2017 and 1 April 2017	54,805,876	(11,492,185)	43,313,691
Loss net of tax, representing total comprehensive income for the financial year	–	(408,887)	(408,887)
Shares issued for acquisition of subsidiary	85,294,118	–	85,294,118
At 31 March 2018	140,099,994	(11,901,072)	128,198,922

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year ended 31 March 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Profit before tax		51,459,460	2,612,253
Adjustments for:			
Depreciation of plant and equipment	12	703,112	625,303
Depreciation of investment properties	13	3,271,839	2,752,469
Interest income	6	(18,307)	(84,027)
Fair valuation gain on quoted investment		(10,800)	–
Gain from bargain purchase of subsidiaries		(61,314,576)	–
Interest expense	8	1,833,821	644,300
Allowance for doubtful debts	9	4,682,584	1,000,625
Plant and equipment written off	9	3,708	5,671
Share of results of a joint venture		3,030,624	(6,362,654)
Share of results of an associate		(8,329)	2,551
Operating cash flows before changes in working capital		3,633,136	1,196,491
Decrease/(increase) in:			
Properties under development		25,754,056	16,445,721
Completed property held for sale		–	626,227
Trade receivables		6,159,642	(6,380,328)
Other receivables, deposits and prepayments		(4,117,781)	(170,700)
Increase/(decrease) in:			
Trade payables		331,867	53,151
Deferred revenue		113,732	33,618
Other payables and accruals		47,305	(1,236,307)
Cash flows from operations		31,921,957	10,567,873
Interest received		5,287	84,027
Interest paid		(1,833,821)	(1,023,560)
Income taxes (paid)/refunded		(934,794)	220,000
Net cash flows from operating activities		29,158,629	9,848,340
Cash flows from investing activities			
Purchase of plant and equipment	12	(455,897)	(1,350)
Investment in unquoted securities		(1,512,000)	–
Additions of investment properties	13	–	(1,474,124)
Net cash inflow from acquisition of subsidiary		10,582,267	–
Increase in amount due from related companies		(1,423,427)	(4,928,922)
Net cash flows from/(used in) investing activities		7,190,943	(6,404,396)
Cash flows from financing activities			
Repayment of loans and borrowings		(20,369,139)	(21,931,605)
Proceeds from loans and borrowings		–	11,732,989
Net cash flows used in financing activities		(20,369,139)	(10,198,616)
Net increase/(decrease) in cash and cash equivalents		15,980,433	(6,754,672)
Cash and cash equivalents at beginning of financial year		3,185,653	9,940,325
Cash and cash equivalents at end of financial year	23	19,166,086	3,185,653

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

1. Corporate information

Pollux Properties Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is at 391A Orchard Road, #08-07, Ngee Ann City Tower A, Singapore 238873.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries, associate and joint venture are disclosed in Notes 14 to 16 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $).

As at 31 March 2018, the Group's current liabilities exceeded its current assets by $20,430,876 (2017: current assets exceeded its current liabilities by $4,732,837) and the Company's current liabilities exceeded its current assets by $908,411 (2017: current assets exceeded its current liabilities by $42,455,156). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group and Company's ability to continue as going concerns.

The financial statements have been prepared on a going concern basis as the Directors are of the view that it continues to be appropriate based on the following:

(a) the subsequent refinancing of the Group's banking facilities due in the next twelve months to long term bank loans; and

(b) the Group's ability to generate sufficient cash flows from its operating, financing and investing activities to meet its financial obligations as and when they fall due.

<u>Convergence with International Financial Reporting Standards</u>

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply a Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the SFRS(I) on 1 April 2018.

Other than the impact on adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of the new standards will be similar to that disclosed in Note 2.3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2017, including the Amendments to FRS 7 *Disclosure* Initiative. The adoption of these standards do not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 102 *Classifications and Measurement of Share-Based Payment Transaction*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
FRS 116 *Leases*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvement to FRSs (March 2018)	
- Amendments to FRS 103 Business Combination	1 January 2019
- Amendments to FRS 111 Joint Arrangement	1 January 2019
- Amendments to FRS 12 Income Taxes	1 January 2019
- Amendments to FRS 23 Borrowing Costs	1 January 2019
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 April 2018. Upon adoption of SFRS(I) on 1 April 2018, the SFRS(I) equivalent of the above standards that are effective on 1 April 2018 will be adopted at the same time.

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in the financial year ending 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

(a) Classification and measurement

The Group currently measures one of its investments in unquoted equity securities at cost of $1,512,000. Under FRS 109, the Group will elect to measure the investment at fair value through profit and loss (FVTPL) and is currently looking into obtaining appropriate valuation for this equity instrument.

(b) Impairment

FRS 109 requires the Group and the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group is in the process of performing a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group currently recognises revenue from the sale of development properties under construction using the percentage of completion method. Under FRS 115, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date. The Group expects that the adoption of FRS 115 will have no material impact on the Group's revenue and cost of properties sold in the year of initial application.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in the financial year ending 31 March 2019.

<u>FRS 116 Leases</u>

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 April 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(A) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(B) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(B) *Business combinations and goodwill (cont'd)*

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvement	–	3 years
Office equipment	–	5 years
Computers and software	–	3 years
Furniture and fittings	–	5 years
Operating equipment	–	5 to 10 years
Linen, glass/silverware and uniforms	–	4 years
Motor vehicles	–	10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 Investment properties

Investment properties are properties that are owned by the Group to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. The transfer from development property to investment property will be made at carrying value.

Depreciation for the investment properties are computed on a straight-line basis over the estimated useful lives of the investment properties of 20 and 99 years.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.11 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.12.

2.12 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint venture are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint ventures, the Group recognises its share of such changes in other comprehensive income.

Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint ventures equals or exceeds its interest in the associate or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint venture are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered, and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Cash at banks includes amounts collected from the sale of the property under development for which withdrawals are restricted to payments for expenditure incurred on development projects.

2.16 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.17 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.21 Leases

(a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(c).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(b) *Sale of development property under construction*

Where development property is under construction and agreement has been reached to sell such property prior to construction is complete, the Directors consider whether the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

(1) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(2) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on the application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

(c) *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

(d) *Service apartment operating income*

Income from service apartment is recognised when services are rendered to customers. Income from room rental is recognised on a straight line basis over the period the customer stays in the service apartment.

2.23 Taxes

(a) *Current income tax*

Current tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the country where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subjected to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Goods and services tax ("GST")*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.24 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of investments as associated company

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Management has determined that it does not have control or joint control over its associated companies. The Group's associated company is disclosed in Note 16 to the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amount of the Group's provision for taxation and deferred tax liabilities at 31 March 2018 was $684,864 (2017: $401,542) and $202,916 (2017: $543,810) respectively.

(b) *Revenue recognition on development properties under construction*

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 4 and Note 18 to the financial statements respectively.

(c) *Provision for foreseeable losses on development properties*

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised. During the current financial year, there is no provision for foreseeable losses on development properties.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) *Impairment of non-financial assets*

The Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) *Impairment of trade and other receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables and other receivables at the end of the reporting period is disclosed in Note 19 and Note 20 to the financial statements respectively.

(f) *Useful lives of plant and equipment and investment properties*

The Group's plant and equipment and investment properties are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these plant and equipment and investment properties to be within 3 to 99 years. Changes in the expected level of usage and technological developments could impact the estimated useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of these plant and equipment and investment properties at the end of the reporting period are disclosed in Note 12 and Note 13 to the financial statements respectively.

4. Revenue

	Group	
	2018	**2017**
	$	**$**
Revenue from sale of development properties (recognised on percentage of completion basis)	6,670,365	23,869,641
Revenue from sale of completed property held for sale	–	650,000
Serviced apartment operating income	5,268,428	5,195,320
Rental income	3,364,512	163,170
	15,303,305	29,878,131

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2018

5. Cost of sales

	Group	
	2018	2017
	$	$
Cost of sales in relation to development properties	9,205,067	24,185,002
Cost of sales in relation to serviced apartment	2,270,038	2,348,546
	11,475,105	26,533,548

6. Interest income

	Group	
	2018	2017
	$	$
Interest income from loan to a related company	13,020	83,437
Interest income from short term deposits	5,287	590
	18,307	84,027

7. Other income

	Group	
	2018	2017
	$	$
Management fee income from a joint venture	221,500	474,000
Gain from bargain purchase of subsidiary (Note 14)	61,314,576	–
Others	57,267	57,155
	61,593,343	531,155

8. Finance costs

	Group	
	2018	2017
	$	$
Interest expense on bank loans	1,833,821	644,300
Bank charges	5,106	53,606
	1,838,927	697,906

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

9. Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group 2018 $	Group 2017 $
Audit fees to:			
- Auditors of the Group		192,600	150,000
Depreciation of plant and equipment	12	703,112	625,303
Plant and equipment written off	12	3,708	5,671
Depreciation of investment properties	13	3,271,839	2,752,469
Allowance for doubtful debts	19,20	4,682,584	1,000,625
Rental expenses		140,201	137,520
Employee benefits expense	32	2,066,530	1,919,343

10. Income tax (credit)/expense

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the financial years ended 31 March 2018 and 2017 are:

	Group 2018 $	Group 2017 $
Current income tax		
- Current income taxation	8,707	390,800
- Under/(Over) provision in respect of prior years	15,736	(220,000)
	24,443	170,800
Deferred income tax		
- Origination and reversal of temporary differences	48,906	(162,627)
- (Over)/Under provision in respect of prior years	(389,800)	28,330
	(340,894)	(134,297)
Income tax (credit)/expense recognised in profit or loss	(316,451)	36,503

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

10. Income tax (credit)/expense (cont'd)

Relationship between tax (credit)/expense and profit before tax

A reconciliation between tax (credit)/expense and the product of profit before tax multiplied by the applicable corporate tax rate for the financial years ended 31 March 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	$	**$**
Profit before tax	51,459,460	2,612,253
Tax at statutory tax rate of 17% (2017: 17%)	8,748,108	444,083
Adjustments:		
Non-deductible expenses	696,265	809,383
Income not subject to taxation	(10,396,916)	–
Effect of partial tax exemption and tax relief	(86,162)	(79,989)
Benefits from previously unrecognised tax losses	–	(13,136)
Deferred tax assets not recognised	572,435	149,049
Under/(Over) provision of income tax in respect of prior years	15,736	(220,000)
(Over)/Under provision of deferred tax in respect of prior years	(389,800)	28,330
Adjustment for share of results of joint venture	515,206	(1,081,651)
Adjustment for share of results of associate	(1,416)	434
Others	10,093	–
Income tax (credit)/expense recognised in profit or loss	(316,451)	36,503

Deferred income tax as at 31 March relates to the following:

	Group				Company	
	Balance sheet		**Profit or loss**		**Balance sheet**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**	**$**	**$**
Attributable profit on development property	–	(1,205,587)	(1,205,587)	(161,195)	–	–
Unutilised tax losses	–	834,777	834,777	(146,102)	–	–
Difference in depreciation for tax purposes	(202,916)	(173,000)	29,916	173,000	–	–
	(202,916)	(543,810)			–	–
Deferred income tax			(340,894)	(134,297)		

Unrecognised tax losses

As at 31 March 2018, the Group has tax losses of approximately $7,422,172 (2017: $4,054,908) that are available for offset against future taxable profits of the company in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the companies operate. The tax loss has no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

11. Earnings per share

Basic earnings per share are calculated by dividing earnings attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing earnings for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares.

The following table reflects the earnings used in the computation of basic and diluted earnings per share for the financial years ended 31 March 2018 and 31 March 2017:

	Group	
	2018	**2017**
	$	**$**
Profit for the financial year attributable to owners of the Company	51,775,911	2,575,750

	Group	
	2018	**2017**
	No of shares	**No of shares**
Weighted average number of ordinary shares for basic earnings per share computation	1,415,793,869	627,115,384
Weighted average number of ordinary shares for diluted earnings per share computation	1,415,793,869	627,115,384

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

12. Plant and equipment

Group	Leasehold improvement $	Office equipment $	Computers and software $	Furniture and fittings $	Operating equipment $	Linen, glass/ silverware and uniforms $	Motor vehicles $	Total $
Cost								
At 1 April 2016	167,471	39,984	153,094	1,937,906	586,621	149,991	–	3,035,067
Additions	–	–	–	–	1,350	–	–	1,350
Written off	–	–	–	–	(226)	(11,646)	–	(11,872)
At 31 March 2017 and 1 April 2017	167,471	39,984	153,094	1,937,906	587,745	138,345	–	3,024,545
Acquisition of subsidiary	–	–	–	–	446,248	–	1,054,034	1,500,282
Additions	–	–	10,397	5,500	440,000	–	–	455,897
Written off	–	–	–	–	(1,427)	(14,125)	–	(15,552)
At 31 March 2018	167,471	39,984	163,491	1,943,406	1,472,566	124,220	1,054,034	4,965,172
Accumulated depreciation								
At 1 April 2016	44,926	19,140	84,314	557,627	141,260	49,996	–	897,263
Charge for the financial year	47,021	5,863	41,271	376,326	118,020	36,802	–	625,303
Written off	–	–	–	–	(103)	(6,098)	–	(6,201)
At 31 March 2017 and 1 April 2017	91,947	25,003	125,585	933,953	259,177	80,700	–	1,516,365
Charge for the financial year	46,812	5,524	27,146	377,218	139,589	30,675	76,148	703,112
Written off	–	–	–	–	(859)	(10,985)	–	(11,844)
At 31 March 2018	138,759	30,527	152,731	1,311,171	397,907	100,390	76,148	2,207,633
Net book value								
At 31 March 2018	28,712	9,457	10,760	632,235	1,074,659	23,830	977,886	2,757,539
At 31 March 2017	75,524	14,981	27,509	1,003,953	328,568	57,645	–	1,508,180

A subsidiary, Peninsula Park Residences Pte. Ltd. carried out a review for plant and equipment that are no longer in use. An amount of $3,708 (2017: $5,671) was written off in profit or loss for the financial year ended 31 March 2018 (Note 9).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

12. Plant and equipment (cont'd)

Company	Leasehold improvement $	Office equipment $	Computers and software $	Furniture and fittings $	Total $
Cost					
At 1 April 2016	27,919	12,364	50,054	69,948	160,285
Additions	–	–	–	–	–
At 31 March 2017 and 1 April 2017	27,919	12,364	50,054	69,948	160,285
Additions	–	–	1,877	–	1,877
At 31 March 2018	27,919	12,364	51,931	69,948	162,162
Accumulated depreciation					
At 1 April 2016	27,121	12,025	38,642	60,464	138,252
Charge for the financial year	503	339	6,925	2,734	10,501
At 31 March 2017 and 1 April 2017	27,624	12,364	45,567	63,198	148,753
Charge for the financial year	295	–	4,143	2,525	6,963
At 31 March 2018	27,919	12,364	49,710	65,723	155,716
Net book value					
At 31 March 2018	–	–	2,221	4,225	6,446
At 31 March 2017	295	–	4,487	6,750	11,532

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

13. Investment properties

Group	2018 $	2017 $
Balance sheet:		
Cost		
At beginning of the financial year	57,358,000	55,883,876
Acquisition of subsidiary	284,200,000	–
Additions	–	1,474,124
At end of the financial year	341,558,000	57,358,000
Accumulated depreciation		
At beginning of the financial year	6,369,780	3,617,311
Charge for the financial year	3,271,839	2,752,469
At end of the financial year	9,641,619	6,369,780
Net carrying amount	331,916,381	50,988,220
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	8,632,940	5,358,490
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	5,347,988	2,348,546

Valuation of investment properties

Investment properties are stated at cost less depreciation. The fair value of the investment properties are disclosed below. The valuations as at 31 March 2018 were performed by Cushman & Wakefield VHS Pte. Ltd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties valued. Details of the valuation techniques and unobservable inputs are disclosed in Note 36(c).

Investment properties pledged as security

Investment properties amounting to $331,916,381 (2017: $50,988,220) are mortgaged to secure certain bank loans of the Group (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

13. Investment properties (cont'd)

The investment properties held by the Group as at 31 March are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term	Estimated fair value 2018 $'000	2017 $'000
2 units at No. 432 Balestier Road	Shops	Freehold	Freehold	4,270	4,270
96 units at No. 554 Havelock Road	Serviced Apartments	Leasehold	17 years	45,500	48,000
10-storey development at 40A Orchard Road, MacDonald House	Commercial	Freehold	Freehold	228,000	–
12 units at 57B Devonshire Road, The Suites @ Central	Residential	Freehold	Freehold	41,720	–
1 unit at 31 Tanglin Road, St. Regis Residences	Residential	999 years	976 years	6,100	–
1 unit at 238 Orchard Boulevard, The Orchard Residences	Residential	99 years	87 years	10,500	–

14. Investments in subsidiaries

	Company 2018 $	2017 $
Shares, at cost	2	2
Issuance of shares for acquisition of subsidiary	141,232,485	–
	141,232,487	2

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2018

14. Investments in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2018	2017
Held by the Company				
Luban Investments Pte. Ltd. [1]	Property investment holding	Singapore	100	100
Kovan Properties Pte. Ltd. [1]	Investment holding	Singapore	100	100
Pollux Alpha Investments Ltd. [1]	Investment holding	British Virgin Islands	100	–
Held through subsidiaries				
Kovan Central Pte. Ltd. [1]	Property development	Singapore	100	100
Boulevard Residences Pte. Ltd. [1]	Property development	Singapore	100	100
Bvlgari Park Residences Pte. Ltd. [1]	Property development	Singapore	100	100
Channel Residences Pte. Ltd. [1]	Property development	Singapore	100	100
Giorgio Residences Pte. Ltd. [1]	Property development	Singapore	100	100
Peninsula Park Residences Pte. Ltd. [1]	Property investment holding	Singapore	100	100
Tinifia Investment Pte. Ltd. [1]	Property investment holding	Singapore	100	–
Richmond View Investment Pte. Ltd. [1]	Property investment holding	Singapore	100	–
Orchard Residence Investment Pte. Ltd. [1]	Property investment holding	Singapore	100	–
Symbianta Worldwide Inc. [1]	Property investment holding	British Virgin Islands	100	–
Savers Investment Ltd [1]	Property investment holding	British Virgin Islands	100	–
Cherimoya Worldwide Corporation [1]	Property investment holding	British Virgin Islands	100	–

Note:

[1] Audited by Ernst & Young LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiary

On 16 November 2017, the Company acquired 100% equity interest in Pollux Alpha Investments Ltd ("PAI"), an investment holding company. PAI is a single-purpose property investment company incorporated in the British Virgin Islands and holds its investment properties through each of its six wholly-owned subsidiaries. The investment properties comprise commercial and residential properties located in prime districts in Singapore (Note 13).

The following table summarises the fair value of the identifiable assets and liabilities of Pollux Alpha Investments Ltd. and its subsidiaries as at the acquisition date.

	Fair value recognised on acquisition $
Summarised balance sheet	
Plant and equipment	1,500,282
Investment properties	284,200,000
Trade receivables	38,400
Other receivable and deposits	40,620
Investment securities	293,400
Due from holding company	58,908,579
Cash and cash equivalents	10,582,267
Total assets	355,563,548
Trade payables	291,726
Other payables and accruals	2,167,396
Due to related parties	10,536
Loans and borrowings	149,353,156
Provision for taxation	1,193,673
Total liabilities	153,016,487
Total identifiable net assets at fair value	202,547,061
Gain from bargain purchase	(61,314,576)
Carrying amount of the investment	141,232,485

Consideration transferred for the acquisition of PAI

Equity instruments issued (2,132,352,941 ordinary shares of Company)	85,294,118
Offset of amount due from holding company	55,938,367
Total consideration transferred	141,232,485

Effect of the acquisition of PAI on cash flows

Total consideration transferred	141,232,485
Less: non-cash consideration	(141,232,485)
Consideration to be settled in cash	–
Less: cash and cash equivalents of subsidiary acquired	(10,582,267)
Net cash inflow on acquisition	10,582,267

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

14. Investments in subsidiaries (cont'd)

Equity instruments issued as part of consideration transferred

In connection with the acquisition of PAI, the Company issued 2,132,352,941 ordinary shares with a fair value of $0.04 each. The fair value of these shares is the published price of the shares at the acquisition date.

Transaction cost

Transaction costs relating to the acquisition of $310,208 have been recognised in the "General and administrative expenses" line item in the Group's consolidated income statement for the year ended 31 March 2018.

Impact of the acquisition on profit or loss

From the acquisition date, PAI has contributed $3,222,692 of revenue and $2,194,713 of profit, net of tax to the Group's income statement. If the business combination had taken place at the beginning of the year, the revenue of the Group would have been $20,881,858 and the Group's profit, net of tax would have been $52,505,957.

Accounting for the acquisition of PAI

The Group has engaged Cushman and Wakefield VHS Pte. Ltd., an independent valuation specialist to determine the fair value of the identifiable net assets of PAI.

The purchase price allocation ("PPA") was completed during the year and gain on bargain purchase of $61,314,576 was recorded.

15. Investment in joint venture

The Group has 50% (2017: 50%) interest in the ownership and voting rights in a joint venture, Pollux Botero Pte. Ltd. [1]. The joint venture was incorporated in Singapore and holds 100% interest in an entity with a property under development. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities. The Group has recognised its interest in the joint venture using the equity method.

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Shares, at cost	1	1	1	1
Share of post-acquisition reserves	9,945,662	13,197,786	–	–
	9,945,663	13,197,787	1	1

Note:

(1) Audited by Ernst & Young LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

15. Investment in joint venture (cont'd)

Summarised financial statement information in respect of Pollux Botero Pte. Ltd., in the consolidated financial statements is as follows:

Summarised balance sheet	**Group**	
	2018	**2017**
	$	**$**
Property under development	62,839,778	57,987,332
Trade debtors	404,700	404,700
Other debtors and deposits	151,845	1,174,640
Due from shareholders (non-trade)	28,981,202	28,981,202
Cash and cash equivalents	4,244,140	26,496,693
Total assets	96,621,665	115,044,567
Current liabilities	71,595,916	82,471,344
Non-current liabilities	5,134,423	6,177,649
Total liabilities	76,730,339	88,648,993
Net assets	19,891,326	26,395,574
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	9,945,663	13,197,787

Summarised statement of comprehensive income	**Group**	
	2018	**2017**
	$	**$**
Operating results	(4,270,591)	45,793,010
Other operating income	1,374,383	1,434
Operating expenses	(3,256,755)	(29,972,358)
Interest expense	(1,394,512)	(1,272,925)
(Loss)/Profit before tax	(7,547,475)	14,549,161
Income tax credit/(expense)	1,043,227	(2,771,853)
(Loss)/Profit after tax	(6,504,248)	11,777,308
Total comprehensive income	(6,504,248)	11,777,308

Management fee of $443,000 (2017: $948,000) was charged to Pollux Botero Pte. Ltd., in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

16. Investment in an associate

On 7 September 2015, the Group acquired 50.01% of interest of Stirling Fort Capital Pte. Ltd.[(1)], for a total consideration of $847,000. The company was incorporated in Singapore. The principal activities of the company are fund management and providing investment advisory services approved by Monetary Authority of Singapore ("MAS").

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Shares, at cost	847,000	847,000	847,000	847,000
Share of post-acquisition reserves	8,622	293	–	–
	855,622	847,293	847,000	847,000

During the financial year ended 31 March 2016, the Group has not performed the purchase price allocation ("PPA") for the acquisition of Stirling Fort Capital Pte. Ltd. The Group is required to complete the PPA within 1 year from the date of the acquisition, which is 6 September 2016. For the previous financial year, the Group has performed a provisional PPA and has computed the provisional goodwill amount of $448,657.

On 26 August 2016, the Group has engaged Collier International (Hong Kong) Limited to perform the PPA. According to the PPA, the goodwill was $445,250. The Group has adjusted the goodwill accordingly.

The summarised financial information of Stirling Fort Capital Pte. Ltd., and reconciliation with the carrying amount of the investment are as follows:

	2018	2017
	$	$
Summarised balance sheet		
Current assets	846,540	827,818
Total assets	846,540	827,818
Current liabilities	25,960	23,893
Total liabilities	25,960	23,893
Net assets	820,580	803,925
Proportion of the Group's ownership	50.01%	50.01%
Group's share of net assets	410,372	402,043
Goodwill on acquisition	445,250	445,250
Carrying amount of the investment	855,622	847,293

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

16. Investment in an associate (cont'd)

	2018 $	2017 $
Summarised statement of comprehensive income		
Revenue	314,660	172,772
Other operating income	9,015	18,025
Operating expenses	(307,020)	(195,619)
Finance expense	–	(279)
Profit/(Loss) before tax	16,655	(5,101)
Income tax expense	–	–
Profit/(Loss) after tax	16,655	(5,101)
Other comprehensive income	–	–
Total comprehensive income	16,655	(5,101)

Note:

(1) Audited by JC Allianz & Co, Singapore.

17. Investment securities

	Group		Company	
	2018 $	2017 $	2018 $	2017 $
Current:				
Held for trading investments				
- Equity Securities (quoted)	304,200	–	–	–
Non-current:				
Available-for-sale financial assets				
- Equity Securities (unquoted)	1,512,000	–	1,512,000	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

18. Properties under development

	Group	
	2018	2017
	$	$
Land, at cost	–	17,490,280
Interest capitalised	–	1,607,337
Development and related cost	–	13,263,579
Attributable profit	–	767,089
	–	33,128,285
Less: progress payment received	–	(7,374,229)
	–	25,754,056
Costs incurred in relation to development properties recognised as an expense in cost of sales (Note 5)	9,205,067	24,185,002

List of properties under development

Description and location	Tenure	% owned	Approx. site area (square metres)	Approx. gross floor area (square metres)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
20 residential units at 531 to 537 East Coast Road	Freehold	100	1,425	2,224	Completed in October 2017

During the financial year, the Group capitalised interest arising from loans and borrowings of subsidiaries amounting to $261,109 (2017: $379,260). The effective interest rate used for the capitalisation is within the range of 2.61% to 2.87% (2017: 2.49% to 2.98%).

19. Trade receivables

	Group	
	2018	2017
	$	$
Trade receivables	229,793	108,595
Final amount receivable on units sold	6,805,003	13,047,443
Less: Allowance for impairment	(140,856)	–
	6,893,940	13,156,038

Trade receivables are generally on 7 – 30 days' term. They are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are denominated in Singapore Dollars.

During the current financial year, the Group had obtained the Temporary Occupation Permit ("T.O.P") for its development properties. As the development properties were considered to be completed upon obtaining T.O.P, the Group had recognised 100% of the revenue in relation to the units sold. Accordingly, final amount receivable on units sold amounting to $6,805,003 (2017: $13,047,443) was recognised at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

19. Trade receivables (cont'd)

Receivables that are impaired

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Movement in allowance accounts				
At 1 April	–	–	–	–
Charge for the financial year	140,856	–	–	–
At 31 March	140,856	–	–	–

At the end of the financial year, the Group has provided an allowance of $140,856 for impairment on debtors who have defaulted on their payments.

In addition to the amount which the Group has provided for allowance for impairment, the Group has trade receivables amounting to $88,937 (2017: $108,595) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

Receivables past due but not impaired

	Group	
	2018	**2017**
	$	**$**
Less than 30 days	88,937	108,595

20. Other receivables and deposits

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Deposit receivable	1,779,060	1,731,917	1,707,410	1,707,410
Other receivables	4,895,801	714,270	331,242	332,808
Less: Allowance for impairment	(6,542,978)	(2,001,250)	(2,001,250)	(2,001,250)
	131,883	444,937	37,402	38,968

Deposit receivable includes lease rental deposit paid by the Company on behalf of a disposed subsidiary in previous years.

Other receivables and deposits are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

20. Other receivables and deposits (cont'd)

Other receivables and deposits that are impaired

The Group's other receivables and deposits that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment are as follows:

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Movement in allowance accounts				
At 1 April	2,001,250	1,000,625	2,001,250	1,000,625
Charge for the financial year	4,541,728	1,000,625	–	1,000,625
At 31 March	6,542,978	2,001,250	2,001,250	2,001,250

At the end of the financial year, the Group and the Company have provided an allowance of $6,542,978 (2017: $2,001,250) and $2,001,250 (2017: $2,001,250) for impairment of payment of construction cost in advance to main contractor and rental deposit due from tenant.

21. Due from subsidiaries

The amounts due from subsidiaries are denominated in Singapore Dollars, non-trade in nature, unsecured, non-interest bearing, repayable on demand and to be settled in cash.

22. Due from related companies

The amounts due from related companies are denominated in Singapore Dollars, non-trade in nature, unsecured, non-interest bearing, repayable on demand and to be settled in cash.

As at 31 March 2017, included in the amount due from related companies was a loan to a related company of $2,171,978. The loan beared an interest of 2.75% p.a. over the bank's Cost of Funds or 2.75% p.a. over the applicable SIBOR Rate, repayable on demand and was to be settled in cash.

23. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Cash at banks and in hand	14,136,086	3,185,653	1,997,285	1,089,423
Pledged bank deposits	5,030,000	–	–	–
	19,166,086	3,185,653	1,997,285	1,089,423

Included in the Group's cash at banks are $628,908 (2017: $1,571,434) held under the Project Account Rules (1997 Ed), withdrawals from which are restricted to payments for development expenditure incurred on development properties.

Bank deposits are pledged to bank as a collateral of banking facilities at the end of the financial year. The effective interest rate of the deposits was 0.61% p.a.

Cash and cash equivalents are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

24. Trade payables

Trade payables are denominated in Singapore Dollars, non-interest bearing and are normally settled on 60-day terms.

25. Other payables and accruals

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Other payables	313,133	387,642	104,091	27,370
Accrued directors' fees	264,004	188,000	264,004	188,000
Accrued operating expenses	939,090	425,461	174,462	200,885
Deposits received from customer	2,533,977	171,024	–	–
Provisions	97,699	844,738	–	–
Provision for performance bonus	–	44,000	–	44,000
GST payable	153,650	25,987	–	–
	4,301,553	2,086,852	542,557	460,255

Other payables are denominated in Singapore Dollars, unsecured, interest-free and repayable on demand.

Provisions

Provisions mainly relate to provision for liquidated damages arising from the development properties.

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
At 1 April	844,738	1,610,719	–	–
Provision made during the financial year	–	586,576	–	–
Utilised during the financial year	(747,039)	(1,352,557)	–	–
At 31 March	97,699	844,738	–	–

Provision for performance bonus

The provision for performance bonus is payable to an executive director pursuant to the employment contract.

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
At 1 April	44,000	30,000	44,000	30,000
Provision made during the financial year	–	44,000	–	44,000
Paid during the financial year	(44,000)	(30,000)	(44,000)	(30,000)
At 31 March	–	44,000	–	44,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

26. Loans and borrowings

	Maturity	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Current:					
Short-term bank loans	2018	45,796,203	24,295,754	–	–
Current portion of long-term bank loans	2018	5,485,427	2,064,135	–	–
		51,281,630	26,359,889	–	–
Non-current:					
Long-term bank loans	2019-2037	121,433,302	17,371,026	–	–
Total		172,714,932	43,730,915	–	–

(a) The Group's loans are dominated mainly in Singapore Dollars. During the financial year, the effective interest rates for bank loans ranged from 1.56% to 3.48% (2017: 1.50% to 3.08%) per annum.

(b) There are no unsecured loans for the financial years ended 31 March 2018 and 2017. The Group's loan are generally secured by the following:

(i) First legal mortgage over the related investment properties or the related properties under development

(ii) Corporate guarantee by the Company

(iii) Legal assignment over all rights, titles, and interests in the related construction contracts, insurance policies, performance bond (if any), tenancy agreements, current and future rental income relating to the specified property pledged and sale and purchase agreements in respect of properties under development and investment properties

(iv) Personal guarantee by a major's shareholder

The long-term bank loans include a financial covenant that the outstanding loan balance shall not exceed the range of stipulated percentage 55% to 90% (2017: 65% to 90%) of the market value of the properties.

A reconciliation of liabilities arising from financing activities is as follows:

	2017 $	Cash flows from acquisition of subsidiary $	Cash flows used in financing activities $	2018 $
Loans and borrowings:				
Current	26,359,889	45,290,880	(20,369,139)	51,281,630
Non-current	17,371,026	104,062,276	–	121,433,302
Total	43,730,915	149,353,156	(20,369,139)	172,714,932

27. Loan from joint venture

The loan from joint venture is denominated in Singapore Dollars, unsecured, non-interest bearing and to be settled in cash.

During the year, the Company has received a letter from its joint venture, to not recall the loan in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

28. Due to subsidiaries

The amounts due to subsidiaries are denominated in Singapore Dollars, unsecured, non-interest bearing, repayable on demand and to be settled in cash.

29. Share capital

	Group and Company			
	2018		2017	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares				
At 1 April	627,115,384	54,805,876	627,115,384	54,805,876
Issued for acquisition of subsidiary (Note 14)	2,132,352,941	85,294,118	–	–
At 31 March	2,759,468,325	140,099,994	627,115,384	54,805,876

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

30. Commitments

(a) Operating lease commitments – as lessee

The Group has entered into various operating lease agreements for offices. These leases have an average tenure of between 1 and 3 years. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 March 2018 amounted to $140,201 (2017: $137,520).

Future minimum rental payables under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2018	2017
	$	$
Not later than 1 year	121,522	121,522
Later than 1 year but not later than 5 years	60,760	182,282
	182,282	303,804

(b) Operating lease commitments – as lessor

The Group has entered into various operating lease agreements for its investment properties. These non-cancellable leases have remaining lease terms of between 1 to 7 years.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

30. Commitments (cont'd)

(b) Operating lease commitments – as lessor (cont'd)

Future minimum rental receivables under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2018	**2017**
	$	**$**
Not later than 1 year	8,932,410	144,900
Later than 1 year but not later than 5 years	18,137,521	241,800
Later than 5 years	1,826,676	–
	28,896,607	386,700

(c) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2018	**2017**
	$	**$**
Capital commitment in respect of properties under development	–	440,097
Capital commitment in respect of investment property	660,000	–
Share of joint venture's capital commitments in relation to property under development	–	1,228,933
	660,000	1,669,030

31. Contingencies

Contingent liability

Litigation

Pursuant to the sale of Builders Shop Pte. Ltd. ("BSPL") to Lorenzo International Limited ("Lorenzo") in the financial year ended 31 March 2012, the Company had agreed to indemnify Lorenzo for any "actual and proven damages" arising from the construction projects undertaken prior to the disposal of BSPL.

In the financial year ended 31 March 2014, Lorenzo made an indemnity claim for legal costs associated with a construction project that was under litigation with the developer. The Company mistakenly paid Lorenzo $374,868 for the legal fees incurred and recorded the legal fees as an expense in the income statement. During the financial year 31 March 2015, the Company paid additional legal fees of $325,000 to Lorenzo. These additional legal fees were recorded as other receivables in the balance sheet. The Company has since sought independent advice, which opined that the indemnity does not expressly cover legal and expert fees incurred for litigation. Accordingly, the Company believes that there are reasonable grounds that the legal fees paid to Lorenzo are recoverable, and as such, did not expense the legal fees during the financial year ended 31 March 2015.

The Company did not make any provision for damages on the ongoing litigation relating to BSPL's construction project as the case is still ongoing. The Company believes that the claim against the Company in respect of BSPL cannot be substantiated.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

31. Contingencies (cont'd)

Contingent liability (cont'd)

Guarantees

As at 31 March 2018, corporate guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries and joint venture amounted to $135,705,971 (2017: $42,715,971) and $37,483,000 (2017: $37,483,000) respectively, of which the amounts utilised by the subsidiaries and joint venture was $134,220,357 (2017: $41,463,064) and $23,778,102 (2017: $34,278,103) respectively. As at 31 March 2017, the Company had also provided counter guarantees amounting to $1,685,108 to a guarantor company who had provided qualifying certificate bonds to the Controller of Housing.

32. Employee benefits

Employee benefits expense (including executive directors):

	Group	
	2018	**2017**
	$	**$**
Salaries and bonuses	1,849,529	1,701,358
Central Provident Fund contributions	187,879	184,808
Other short-term benefits	29,122	33,177
	2,066,530	1,919,343

The above includes directors' and key management's remuneration shown in Note 33(b).

33. Related party transactions

(a) *Sale and purchase of services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the financial year at terms agreed between the parties:

	Group	
	2018	**2017**
	$	**$**
Rental income from a company related to a director	(59,395)	(106,920)
Management fees from a joint venture	(443,000)	(948,000)
Interest income from a loan to related party	(13,019)	(83,437)
Legal fees paid to a firm related to a director	297,178	11,200
Management fees charged by a related party	–	201,783

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

33. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2018	**2017**
	$	**$**
Short-term employee benefits	650,658	655,800
Central Provident Fund contributions	17,340	17,340
Other short-term benefits	30,000	72,400
Total compensation paid to key management personnel	697,998	745,540
Comprised amounts paid to:		
Directors of the Company	480,258	560,400
Other key management personnel	217,740	185,140
	697,998	745,540

34. Segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable segments as follows:

(a) The Property Development segment is involved in acquisition and development of properties for sale

(b) The Property Investment segment is involved in renting of properties and operating of serviced apartments

(c) The Corporate segment is involved in Group-level corporate services and investment

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The Group's financing (including finance costs and income) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

34. Segment information (cont'd)

	Property investment		Property development		Corporate		Total	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Revenue:								
External customers	8,632,940	5,358,490	6,670,365	24,519,641	–	–	15,303,305	29,878,131
Inter-segment	–	–	–	–	–	–	–	–
Total revenue	8,632,940	5,358,490	6,670,365	24,519,641	–	–	15,303,305	29,878,131
Results:								
Interest income	2,059	–	3,229	590	13,019	83,437	18,307	84,027
Other income	40,326	19,967	10,245	11,168	61,542,772	500,020	61,593,343	531,155
Depreciation	3,967,988	3,367,271	–	–	6,963	10,501	3,974,951	3,377,772
Allowance for doubtful debts	140,856	–	4,541,728	–	–	1,000,625	4,682,584	1,000,625
Interest expense	1,822,009	684,478	15,728	12,703	1,190	725	1,838,927	697,906
Share of results of joint venture	–	–	(3,030,624)	6,362,654	–	–	(3,030,624)	6,362,654
Share of results of associate	–	–	–	–	8,329	(2,551)	8,329	(2,551)
Income tax expense/(credit)	(208,787)	312,800	(107,663)	(276,297)	–	–	(316,450)	36,503
Segment profit/(loss)	957,946	(1,898,590)	(7,125,911)	5,892,576	57,943,876	(1,418,236)	51,775,911	2,575,750
Assets								
Investment in a joint venture	–	–	9,945,663	13,197,787	–	–	9,945,663	13,197,787
Additions to non-current assets	–	–	–	–	855,622	847,293	855,622	847,293
Segment assets	334,952,308	56,595,585	3,316,734	40,876,101	38,252,052	6,846,575	376,521,094	104,318,261
Total assets							387,322,379	118,363,341
Liabilities								
Provision for taxation	664,216	149,918	20,648	251,624	–	–	684,864	401,542
Deferred tax liabilities	202,916	173,000	–	370,810	–	–	202,916	543,810
Segment liabilities	99,853,888	25,991,328	3,096,043	23,111,505	93,055,158	14,955,675	196,005,089	64,058,508
Total liabilities							196,892,869	65,003,860

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

34. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018 $	2017 $	2018 $	2017 $
Singapore	15,303,305	29,878,131	346,987,205	66,541,480

Non-current assets information presented above consist of plant and equipment, investment properties, long-term investment securities, investment in a joint venture and an associate presented in the consolidated balance sheet.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, price risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculation purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short term deposits), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to help ensure that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

35. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amounts of each class of financial assets recognised in the balance sheet,
– a nominal amount of $173,188,971 (2017: $80,198,971) relating to corporate guarantees provided by the Company for its subsidiaries and joint venture, and
– a nominal amount of $Nil (2017: $1,685,108) relating to counter guarantees provided by the Company for its subsidiaries.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the balance sheet date is as follows:

	Group			
	2018		2017	
	$	% of total	$	% of total
Trade receivables				
By Country:				
Singapore	6,893,940	100	13,156,038	100
	6,893,940	100	13,156,038	100
By Industry:				
Property investment	88,937	1	108,595	1
Property development	6,805,003	99	13,047,443	99
	6,893,940	100	13,156,038	100
Other receivables				
By Country:				
Singapore	131,883	100	444,937	100
	131,883	100	444,937	100
By Industry:				
Property development	10,190	8	384,164	86
Property investment	84,290	64	21,805	5
Others	37,403	28	38,968	9
	131,883	100	444,937	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade receivables) and Note 20 (Other receivables and deposits).

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises primarily from loans and borrowings.

The Group obtains financing through loans from financial institutions. The Group's policy is to obtain the most competitive market interest rates in the prevailing market.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 50 (2017: 50) basis points lower/higher with all other variables held constant, the Group's interest during the financial year would have been $863,575 (2017: $207,795) lower/higher arising mainly as a result of lower/higher interest expense on floating rate loans from financial institutions and interest income from a related party.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest and exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading.

Sensitivity analysis for equity price risk

At the date of this report, the market price of the quoted shares had declined by approximately 5%. If the marketable securities were recorded at the current market price at the end of the reporting period, the Group's fair value loss on quoted shares and net profit for the year would have been approximately $14,400 and $51,761,511 (2017: fair value gain of $73,500 and net profit of $2,649,250) respectively, arising from a fair value loss on investment in equity instruments classified as fair value through profit and loss.

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and bank balances deemed adequate by the management to finance the Group's and Company's operations and mitigate the effect of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2018

35. Financial risk management objectives and policies (cont'd)

(d) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations:

	2018				2017			
	1 year or less $	1 to 5 years $	Over 5 years $	Total $	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Group								
Financial assets:								
Trade receivables	6,893,940	–	–	6,893,940	13,156,038	–	–	13,156,038
Other receivables and deposits	131,883	–	–	131,883	444,937	–	–	444,937
Due from related companies	13,814,511	–	–	13,814,511	9,186,352	–	–	9,186,352
Investment securities	304,200	–	–	304,200	–	–	–	–
Cash and cash equivalents	19,166,086	–	–	19,166,086	3,185,653	–	–	3,185,653
Total undiscounted financial assets	40,310,620	–	–	40,310,620	25,972,980	–	–	25,972,980
Group								
Financial liabilities:								
Trade payables	4,156,377	–	–	4,156,377	3,532,784	–	–	3,532,784
Other payables and accruals	4,050,204	–	–	4,050,204	1,172,127	–	–	1,172,127
Loans and borrowings	55,082,859	37,095,150	98,487,052	190,665,061	27,128,510	10,647,474	9,067,657	46,843,641
Loan from joint venture	–	14,490,601	–	14,490,601	14,490,601	–	–	14,490,601
Total undiscounted financial liabilities	63,289,440	51,585,751	98,487,052	213,362,243	46,324,022	10,647,474	9,067,657	66,039,153
Total net undiscounted financial liabilities	(22,978,820)	(51,585,751)	(98,487,052)	(173,051,623)	(20,351,042)	(10,647,474)	(9,067,657)	(40,066,173)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

35. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

	2018			2017		
	1 year or less $	1 to 5 years $	Total $	1 year or less $	1 to 5 years $	Total $
Company						
Financial assets:						
Other receivables and deposits	37,402	–	37,402	38,968	–	38,968
Due from subsidiaries	47,027,680	–	47,027,680	52,796,101	–	52,796,101
Due from related companies	10,351,897	–	10,351,897	5,686,352	–	5,686,352
Cash and cash equivalents	1,997,285	–	1,997,285	1,089,423	–	1,089,423
Total undiscounted financial assets	59,414,264	–	59,414,264	59,610,844	–	59,610,844
Financial liabilities:						
Other payables and accruals	542,557	–	542,557	416,255	–	416,255
Loan from joint venture	–	14,490,601	14,490,601	14,490,601	–	14,490,601
Due to subsidiaries	59,792,414	–	59,792,414	2,217,700	–	2,217,700
Total undiscounted financial liabilities	60,344,971	14,490,601	74,825,572	17,124,556	–	17,124,556
Total net undiscounted financial (liabilities)/ assets	(920,707)	(14,490,601)	(15,411,308)	42,486,288	–	42,486,288

The table below shows the contractual expiry by maturity of the Group and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2018 $'000				2017 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Financial guarantees:								
- Banking facilities	50,193	26,616	96,380	173,189	62,403	15,596	2,200	80,199
- Qualifying certificate bonds to Controller of Housing	–	–	–	–	1,685	–	–	1,685
	50,193	26,616	96,380	173,189	64,088	15,596	2,200	81,884

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

36. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

– Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There are no assets measured at fair value at end of the reporting period.

(b) Assets measured at fair value

The following table shows an analysis of the Group's assets measured at fair value.

	Group 2018			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Financial assets:				
Available-for-sale				
Quoted equity securities	304,200	–	–	304,200

(c) Assets not carried at fair value, for which fair value is disclosed

The following table shows an analysis of the Group's asset not measured at fair value but for which fair value is disclosed.

	Group 2018			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Non-financial asset:				
Investment properties (Note 13)	–	286,320,000	49,770,000	336,090,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

36. Fair value of assets and liabilities (cont'd)

(c) Assets not carried at fair value, for which fair value is disclosed (cont'd)

	Group 2017			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	**$**	**$**	**$**
Non-financial asset:				
Investment properties (Note 13)	–	–	52,270,000	52,270,000

Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurements.

Description	**Fair value at 2018**	**Fair value at 2017**	**Valuation techniques**	**Unobservable inputs**
	$	**$**		
Investment properties	49,770,000	52,270,000	The fair value is determined using (a) Comparable sales and/or (b) Discounted cash flow basis	Discount rate adjustments based on management's assumptions Terminal yield adjustments based on management's assumptions

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation fair value are as follows:

	2018		**2017**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Financial assets:				
Unquoted equity securities, at cost	1,512,000	–	–	–
Financial liabilities:				
Loans and borrowings (non-current)	121,433,302	141,209,663	17,371,026	19,564,843

Fair value of the non-current loans and borrowings has been estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

Fair value information has not been disclosed for the Group's investment in unquoted equity securities that are carried at cost because fair value cannot be measuredly reliably. These unquoted equity securities represent shares in a fund (Note 17) that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

36. Fair value of assets and liabilities (cont'd)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of trade receivables, other receivables and deposits, due from subsidiaries, due from related companies, cash and cash equivalents, trade payables, other payables and accruals, current loans and borrowings and loan from joint venture are reasonable approximation of their fair values as they are either repayable on demand, short-term in nature or floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(f) Classification of financial instruments

	Group		Company	
	2018 $	2017 $	2018 $	2017 $
Loans and receivables				
Trade receivables	6,893,940	13,156,038	–	–
Other receivables and deposits	131,883	444,937	37,402	38,968
Due from subsidiaries	–	–	47,027,680	52,796,101
Due from related companies	13,814,511	9,186,352	10,351,897	5,686,352
Cash and cash equivalents	19,166,086	3,185,653	1,997,285	1,089,423
	40,006,420	25,972,980	59,414,264	59,610,844
Available-for-sale financial asset				
Investment securities	1,512,000	–	1,512,000	–
Financial asset at fair value through profit or loss				
Investment securities	304,200	–	–	–
Liabilities measured at amortised costs				
Trade payables	4,156,377	3,532,784	–	–
Other payables and accruals	4,050,204	1,172,127	542,557	416,255
Loans and borrowings	172,714,932	43,730,915	–	–
Loan from joint venture	14,490,601	14,490,601	14,490,601	14,490,601
Due to related parties	10,536	–	–	–
Due to subsidiaries	–	–	59,792,414	2,217,700
	195,422,650	62,926,427	74,825,572	17,124,556

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2018 and 31 March 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises trade payables, other payables and accruals, loans and borrowings and loan from joint venture less cash and cash equivalents. Capital comprises equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2018

37. Capital management (cont'd)

	Group	
	2018	**2017**
	$	**$**
Trade payables	4,156,377	3,532,784
Other payables and accruals	4,301,553	2,086,852
Loan from joint venture	14,490,601	14,490,601
Due to related parties	10,536	–
Loans and borrowings	172,714,932	43,730,915
Total debt	195,673,999	63,841,152
Less: Cash and cash equivalents	(19,166,086)	(3,185,653)
Net debt	176,507,913	60,655,499
Equity attributable to the owner of the Company	190,429,510	53,359,481
Capital and net debt	366,937,423	114,014,980
Gearing ratio	48%	53%

38. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 29 June 2018.

STATISTICS OF SHAREHOLDINGS

As at 12 June 2018

Number of Issued Shares	-	2,759,468,325
Issued and Fully Paid-Up Capital	-	S$200,691,525.56
Number of Treasury Shares Held	-	Nil
Number of Subsidiary Holdings Held	-	Nil
Number of Shareholders	-	1,259
Class of Shares	-	Ordinary shares each with equal voting rights

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 June 2018, 10.01% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

ANALYSIS OF SHAREHOLDINGS

(As recorded in the Register of Members and Depository Register)

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	2	0.16	13	0.00
100 - 1,000	332	26.37	322,420	0.01
1,001 - 10,000	473	37.57	2,522,310	0.09
10,001 - 1,000,000	415	32.96	44,200,873	1.60
1,000,001 and above	37	2.94	2,712,422,709	98.30
	1,259	100.00	2,759,468,325	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Pollux Holdings Pte Ltd	2,483,242,325	89.99
2	CGS-CIMB Securities (S) Pte Ltd	33,095,000	1.20
3	Tan Kay Sing	25,163,101	0.91
4	OCBC Securities Private Ltd	18,946,990	0.69
5	Tan Kay Tho	17,923,501	0.65
6	Citibank Nominees Singapore Pte Ltd	16,024,354	0.58
7	Tan Kay Kiang	15,865,421	0.57
8	Tan Chin Hoon	14,945,501	0.54
9	Tan Siok Hwee	10,456,496	0.38
10	Tay Swee Leng	9,999,960	0.36
11	Morph Investments Ltd	6,631,000	0.24
12	Yeong Yoon Ying	4,500,000	0.16
13	Rice Fields Pte Ltd	4,313,000	0.16
14	Goh Wan Peng	4,043,000	0.15
15	Koh Wee Meng	3,393,000	0.12
16	Tan Li Yu	3,250,000	0.12
17	Chin Kai Seng	3,242,800	0.12
18	Tan Ren Feng	3,180,500	0.12
19	Terry Tan Nan Chuang	2,849,000	0.10
20	DBS Nominees Pte Ltd	2,583,000	0.09
		2,683,647,949	97.25

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares	%*	No. of Shares	%*
Pollux Holdings Pte. Ltd.	2,483,242,325	89.99	–	–
Nico Purnomo Po [1]	–	–	2,483,242,325	89.99

[1] Nico Purnomo Po is deemed to be interested in the 2,483,242,325 shares held by Pollux Holdings Pte. Ltd., by virtue of section 7(4) of the Companies Act (Chapter 50) of Singapore (the "Act").

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of Pollux Properties Ltd. (the "**Company**") will be held at Mandarin Meeting Suite 801, Level 8 Main Tower, Mandarin Orchard Singapore, 333 Orchard Road Singapore 238867, on Thursday, 26 July 2018 at 2.00 p.m., for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 March 2018 and the Directors' Reports and the Auditors' Report thereon. **Resolution 1**

2. To approve Directors' fees of S$180,258.00 for the financial year ended 31 March 2018. (2017: S$188,000.00) **Resolution 2**

3. To re-elect Mr James Kho Chung Wah, a Director retiring pursuant to Article 104 of the Company's Constitution. *(See Explanatory Note)* **Resolution 3**

4. To note the retirement of Mr Bambang Widaryatmo who is retiring as a Director pursuant to Article 104 of the Company's Constitution and is not seeking for re-election.

5. To re-elect Mr Po Sun Kok, a Director retiring pursuant to Article 108 of the Company's Constitution. *(See Explanatory Note)* **Resolution 4**

6. To re-elect Madam Luciana, a Director retiring pursuant to Article 108 of the Company's Constitution. *(See Explanatory Note)* **Resolution 5**

7. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:-

8. THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors to: **Resolution 7**

   (a) (i) issue shares in the capital of the Company (the "**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority granted by this Resolution may have ceased to be in force at the time of such issuance of shares.

NOTICE OF ANNUAL GENERAL MEETING

PROVIDED THAT

(1) save as may otherwise be permitted by the SGX-ST, the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to shareholders of the Company shall not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. *(See Explanatory Note)*

OTHER BUSINESS

7. To transact any other business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

Nico Purnomo Po
Executive Director and Chief Executive Officer

Singapore
3 July 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 3

Mr James Kho Chung Wah will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration and Nominating Committee, and he will be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

The profile and key information of Mr James Kho Chung Wah can be found under the section entitled "Board of Directors" of the Company's Annual Report 2018.

Resolution 4

Mr Po Sun Kok will, upon re-election as a Director of the Company, remain as the Chairman of the Board.

The profile and key information of Mr Po Sun Kok can be found under the section entitled "Board of Directors" of the Company's Annual Report 2018.

Resolution 5

Madam Luciana will, upon re-election as a Director of the Company, remain as the Deputy Chairman of the Board.

The profile and key information of Madam Luciana can be found under the section entitled "Board of Directors" of the Company's Annual Report 2018.

Resolution 7

The Ordinary Resolution no. 7, if passed, save as may otherwise be permitted by the SGX-ST, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in aggregate 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time that Resolution no. 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution no. 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notes:

(1) (a) A member of the Company ("**Member**") (other than a member who is a relevant intermediary) entitled to attend and vote at the annual general meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the annual general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

(2) A proxy need not be a member of the Company.

(3) The instrument appointing a proxy or proxies that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be deposited at the registered office of the Company at 391A Orchard Road #08-07 Ngee Ann City Tower A Singapore 238873, not less than 48 hours before the time appointed for the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(4) In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the annual general meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Ms. Tay Sim Yee, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone +65 6532-3829.

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POLLUX PROPERTIES LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199904729G)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting of the Company.
2. For investors who have used their Central Provident Fund ("CPF") monies ("CPF Investors") and/or monies in the Supplementary Retirement Scheme ("SRS") accounts ("SRS Investors") to buy Pollux Properties Ltd.'s shares, this annual report and its enclosures are forwarded to you at the request of their CPF and/or SRS Approved Nominees (as the case may be) and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ______________________________ NRIC/Passport No. ____________________

of ____ (Address)

being a member/members of POLLUX PROPERTIES LTD. (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting (the "**AGM**") of the Company to be held at Mandarin Meeting Suite 801, Level 8 Main Tower, Mandarin Orchard Singapore, 333 Orchard Road Singapore 238867 on Thursday, 26 July 2018 at 2.00 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM of the Company).

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2018 and the Directors' Statement and the Auditors' Report thereon		
2.	To approve the payment of Directors' fees of S$180,258.00 for the financial year ended 31 March 2018		
3.	To re-elect Mr James Kho Chung Wah, a Director retiring by rotation pursuant to Article 104 of the Company's Constitution		
4.	To re-elect Mr Po Sun Kok, a Director retiring by rotation pursuant to Article 108 of the Company's Constitution		
5.	To re-elect Madam Luciana, a Director retiring by rotation pursuant to Article 108 of the Company's Constitution		
6.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
7.	To authorise the Directors to allot/issue new shares in the capital of the Company		

Dated this ____________ day of ____________ 2018.

Total number of Shares Held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member of the Company (other than a member who is a relevant intermediary) entitled to attend and vote at the meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of the proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 391A Orchard Road #08-07 Ngee Ann City Tower A Singapore 238873, not less than 48 hours before the time appointed for holding the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

6. Where the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) be stamped and be lodged with the instrument of proxy at the registered office of the Company, not less than 48 hours before the time appointed for holding the meeting and/or any adjournment thereof at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons is present at the meeting, the person whose name stands first on the Register of Members or (as the case may be) in the Depository Register shall alone be entitled to vote.

9. Any alteration made to the instrument of proxy should be initialled by the person who signs it.

10. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as may be applicable) to appoint the Chairman of the AGM to act as their proxy, in which case, the relevant CPF and SRS Investors shall be precluded from attending the AGM.

General: The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies lodged if such members being the appointor, is not shown to have shares entered against his names in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 July 2018.

POLLUX
PROPERTIES

POLLUX PROPERTIES LTD.

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